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# Management RECORD

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- Personnel Practices for Office Workers
- Severance Pay Plans for Executives
- Statistics and the Personnel Director
- The Legal Scope of Industrial Nursing



NATIONAL INDUSTRIAL CONFERENCE BOARD, INC.

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## • In the Record •

### Trends in Personnel Practices for Office Workers

In the last nine years—from 1951 through 1959—what, if any, changes have taken place in personnel practices covering nonexempt office workers? Is the workweek shorter? Is more or less overtime paid? What about the number of holidays granted? And what have been the trends in life insurance coverage and hospital-surgical plans for these employees?

THE CONFERENCE BOARD has analyzed data collected by the National Office Management Association (NOMA), which surveys personnel practices for office workers annually on a nationwide basis. Even though the sample varies from year to year (indeed, there are more than twice as many companies reporting in 1959 as in 1951), the data are adequate to pick up trends and show the prevalence of personnel practices among the participants. The article starting on the next page reports on these findings.

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### Statistics and the Personnel Director's Job

Originally, statistics meant information of importance to the state. Apparently when the word entered the language in classical times, life was far less complex and private citizens were supposed to gather information necessary to solve problems primarily through direct observation. Anything that went beyond individual experience and attempted to quantify the observations of many people was a matter of concern only for government. Today, however, statistics are vital in nearly every walk of life. The businessman who has no grasp of the subject has been likened to "a blind man in a dark closet groping for a black cat who is not there."

Similarly, the personnel administrator needs statistics in such areas as job placement, determining wage rates, and union-management negotiations. Yet, frequently, those who require statistical knowledge do not understand some of the basic concepts of the discipline. The article on page 198 discusses some uses and misuses of statistical terminology. Sampling procedures, the concept of "average" and the troublesome word "per cent" are analyzed.

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### The Impact of a Strike Upon Customer and Supplier Relationships

It is extremely difficult to assess the economic effects of a strike. Lost production and wages, though initially serious, can often be recouped during the rest of the year. Yet, occasionally, the most serious consequence of a strike may not be lost production but the disruption of customer and supplier relationships with the company. How can a company guarantee that its market and sources of raw materials will be intact after the work stoppage has ended?

Based on a survey of 106 companies, the article on page 194 reviews various approaches to solving this problem. The pros and cons of advancing delivery dates, filling orders with outside firms, subcontracting work, rerouting deliveries, and renting outside storage space are considered.

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### Severance Pay for Executives

It has often been observed that while it is hard to be poor in any environment it is hardest to be poor in a rich environment. And when a man has been earning an executive's salary and, as is often the case, has contracted long-term financial obligations commensurate with his position, the loss of income through termination can be a tragic and possibly embittering experience.

Yet, inevitably, a company may be constrained to terminate some of its managerial personnel. When this happens, most companies concur that separation pay should be granted. While the precise amount of executive severance pay is "invariably determined on an individual basis," some companies have evolved written plans which serve as patterns or guides.

The article on page 191 examines the provisions of twenty-one of these arrangements, six of which are for executives exclusively, and fifteen for all exempt salaried employees.

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### Unemployment Compensation; Legal Aspects of Industrial Nursing; and Personnel Administration in Russia

→ The importance of unemployment compensation in the last recession can be surmised from the fact that a full third of the wages lost in private industry was offset by the benefits paid under the regular state and railroad unemployment insurance programs. But these record amounts paid out in benefits have left some of the state systems shakier financially than ever before.

Partly due to pressures resulting from this situation, an unemployment compensation bill is now awaiting floor action in the House of Representatives. What changes this bill would entail, as well as a picture of the impact of the '57-'58 recession on individual state systems, are covered in the article starting on page 202.

→ The role of the industrial nurse necessarily changes in a changing society. Today she routinely handles various medical procedures that previously were reserved for doctors only. Possibly because of this expanding role, some companies have expected the nurse to perform functions that are outside her legally prescribed duties. To help clarify what can and what cannot be expected of the nurse in industry, the Board is reprinting "The Legal Scope of Industrial Nursing Practices," which was originally published in the *Journal of the American Medical Association*. (See page 208.)

→ *The New York Times* recently reported that Soviet economists have abandoned some of their Marxist theories and borrowed liberally from Western economic concepts. In the years to come, will the same be true of personnel administration? Today, certainly, concepts of management and personnel administration in Russia are vastly different from those found in this country—judging by the statements of a Soviet Government official. On page 205, this official's remarks on "Management and Personnel Administration in Russia" are reported.

# Trends in Personnel Practices for Office Workers

MANY TRADE, personnel and office management associations periodically survey personnel practices in order to supply information to their membership. In most cases, these surveys are conducted on either a local or limited regional basis. Generally, there is little uniformity in coverage of personnel practices.

Since 1937 THE CONFERENCE BOARD has pioneered in surveying nationwide practices for office and factory workers. But because of the magnitude of the Board's survey, it is not made every year.<sup>1</sup>

Another organization collecting such information on a nationwide basis is the National Office Management Association (NOMA). For many years it has conducted annual surveys of salary rates and certain personnel practices for clerical workers who are subject to the provisions of the Fair Labor Standards Act. These NOMA surveys are the product of the combined efforts of local chapters in the United States and Canada. Although many chapters publish local reports, the national office compiles and distributes a nationwide report that is widely used in business.

In view of the continuing interest in personnel practices related to the area of compensation for clerical workers, the Board has analyzed available NOMA data for trends during the years 1950-1959 in the United States.

## SCOPE OF THE ANALYSIS

Only data for the odd-numbered years—1951, 1953, 1955, 1957 and 1959—are considered in this analysis. Participants in these surveys reported practices that were in effect during the month of September in 1951, 1953, 1955 and 1957 and during the month of March in 1959.

As might be expected in national surveys of these proportions, the number of establishments covered<sup>1</sup> and the number of cities represented vary from year to year. Because participation is voluntary, local NOMA chapters have no control over maintaining year-to-year consistency in sampling. Nevertheless,

<sup>1</sup> The Board has published five editions during the years of 1937, 1940, 1943, 1948 and 1954.

<sup>2</sup> "Establishment," as used in this survey, is any organizational entity employing people. This means that a single company might be reported in terms of two or more establishments in different parts of the country. However, to simplify the language problem in this article, "company" will be used synonymously with "establishment."

available data are adequate to indicate the prevalence of practices among participants.

## Number of Participants

The number of establishments participating in the annual surveys has more than doubled during the ten-year period. And the number of workers employed in these establishments has also doubled. The following traditional office jobs were covered in the surveys:

Accounting clerk
Bookkeeping machine operator
General clerk
Mail clerk
Messenger
Payroll clerk
Tabulating machine operator
Key punch machine operator
Addressing machine operator
Calculating machine operator
Duplicating machine operator
File clerk
Cost clerk
Private secretary
Secretary-stenographer
Stenographer
Transcribing machine operator
Typist
Telephone operator
Sales order clerk

The total number of clerical workers on the payroll (in the above job classifications as well as in some others) in all participating companies averages about 12% of all employees for the five selected years. In the 1953, 1955, 1957 and 1959 surveys, about one-third of the employed clerical workers are covered, whereas almost half are covered in the 1951 survey. The following tabulation gives the number of participating establishments by year as well as employment figures:

Year	Number of Companies	Total Employment	Clerical Workers	% Clerical Workers Covered in Survey
1951	3,016	2,290,306	301,533	48
1953	3,682	2,153,442	268,491	32
1955	4,631	3,379,071	356,930	35
1957	6,058	4,106,066	484,987	37
1959	6,782	4,450,828	481,363	33

## Cities Represented

The number of cities represented in the surveys increased approximately 50% from 1951 to 1959. The

increase is gradual; seventy-four cities were represented in 1951, eighty in 1953, ninety-six in 1955, 101 in 1957, and 112 in 1959. One hundred and forty different cities are represented in one or more of the five annual surveys, with the distribution as follows:

Frequency of Representation	Number of Cities in Survey
1 year .....	20
2 years .....	32
3 years .....	20
4 years .....	20
5 years .....	48
Total cities .....	140

The cities represented in each of the five annual surveys are enumerated in Table 1 (see page 188) according to regions—East, East Central, West Central, Southern and Western.

#### Personnel Practices

The surveys provide data on personnel practices regarding weekly work schedules, overtime pay, paid holidays, and extra compensation plans. Other practices pertain to payment of the premiums for health and life insurance, and retirement income.

#### UNION CONTRACT COVERAGE

Among the thousands of establishments for which data were collected, the proportion of clerical workers whose salary rates and working conditions are covered by collective bargaining agreements is less than 10% in any year. The establishments with union contracts are about evenly divided as to total and partial coverage of eligible clerical workers on the payroll. And no information is available as to the actual number of clerical employees in each company that reports either partial or total union coverage.

The following tabulation gives the number of companies reporting union contract coverage for each of the five years:

Coverage	1951	1953	1955	1957	1959
None .....	2,731	3,824	4,208	5,503	6,172
(91%)	(90%)	(91%)	(91%)	(91%)	(91%)
Partial .....	142	182	217	269	293
(5%)	(5%)	(5%)	(4%)	(5%)	
Total .....	122	146	179	229	236
(4%)	(4%)	(4%)	(4%)	(4%)	
No information .....	21	30	27	57	61
Total companies .....	3,016	3,682	4,631	6,058	6,762

#### SCHEDULED WORKWEEKS

About 70% of the companies have been operating their facilities on scheduled workweeks of forty hours. This percentage has been fairly constant from year to year, with 69% of the companies on a scheduled workweek of forty hours both in 1951 and 1959. However, there are indications that the workweek is becoming shorter for some clerical workers. Approximately 13% of the establishments report workweeks of thirty-seven

or thirty-seven and one-half hours for 1957 and 1959. It is worth noting that this shift has not been at the expense of companies on a forty-hour week. Instead, it seems to come from the decreased percentage reporting a thirty-eight, thirty-nine and over forty-hour workweek.

Neither the thirty-five nor the thirty-six hour workweeks have shown any percentage gain since 1951. However, relatively fewer establishments in the annual surveys have workweeks of more than forty hours. The percentage of companies with longer than forty-hour workweeks has been dropping: a high of 8% was recorded in 1951; this fell to 6% in 1953, to 5% in 1955 and 1957, and then to 3% in 1959.

Scheduled workweeks reported by the surveyed companies for each of the five years are given in this tabulation:

Scheduled Workweek	Number of Establishments				
	1951	1953	1955	1957	1959
Less than 35 hours .....	6	7	9	20	13
35 hours .....	131	177	248	355	348
36-36½ hours .....	61	73	96	163	185
37-37½ hours .....	194	218	245	763	900
38 hours .....	155	255	316	88	96
39 hours .....	102	139	172	200	219
40 hours .....	2,084	2,556	3,289	4,197	4,659
More than 40 hours .....	242	210	234	279	225
No information .....	41	47	22	18	110
Other basis .....	—	—	—	35	7
Total establishments .....	3,016	3,682	4,631	6,058	6,762

#### OVERTIME PAY

Extra pay for time worked beyond regular hours of employment in a workday and/or workweek is based on company practices, legal requirements, union contracts or any combination of these three. The number of hours worked before overtime begins varies among the companies. However, the great majority pay overtime rates for hours worked in excess of eight in a day or forty in a week. Data pertaining to daily and weekly overtime were collected for only four of the five survey years, beginning with 1953. And many of the participating establishments furnished no data on this personnel practice.

An increasing percentage of the surveyed companies are paying clerical workers overtime after eight hours in a day; at the same time, fewer are paying overtime for hours in excess of forty in a week. For example, approximately 5% more of the surveyed establishments report paying overtime after eight hours in 1959 than in 1953. On the other hand, 4% fewer establishments pay overtime on a daily basis after less than eight hours in 1959 than in 1953.

The reverse of this trend seems to apply in the case of weekly overtime. The number and percentage of establishments that pay overtime after forty hours in a week are dropping but there are increases in the percentage of companies paying overtime for hours in excess of a scheduled workweek of less than forty hours. The downward trend for overtime after forty

**Table 1: Cities Represented in Five Annual Surveys**

Davenport, Iowa; Moline, East Moline and Rock Island, Illinois.

<sup>105</sup> Included in East Central Region for years 1957 and 1955.

<sup>1</sup> Included in Western Region in 1965.  
<sup>2</sup> Included in Eastern Region in 1853 and 1851.

hours is eight percentage points from 1951 to 1959, while the upward trend during the same period for overtime after less than forty hours is four percentage points. (See Table 2 on page 190.)

Participating establishments were not queried on methods of compensating employees for overtime hours. Nor were they asked to indicate what proportion, if any, of the clerical workers were assigned to United States Government contracts, thus subjecting them to the daily overtime requirements of the Walsh-Healy Act.

Extra pay for extra time worked is usually compensated at premium rates, but there are some exceptions. In certain cases neither the Fair Labor Standards Act's nor the Walsh-Healy Act's overtime provisions apply. In other cases, employees may have the option of taking time off in lieu of overtime pay and can make up lost time on regular days off such as Saturdays, Sundays and holidays.

In some establishments with work schedules of less than eight hours in a day or forty hours in a week, the hours at premium rates may be preceded by a stated amount of extra time worked either without any additional pay or prorated at straight time on the basis of the regular salary rate. For example, if a secretary-stenographer received a salary of \$75 for a thirty-seven-and-a-half-hour week and worked seven and a half hours overtime, her overtime pay would equal \$20 (two and a half hours at straight time at \$2 per hour and five hours at time and one-half at \$3 per hour).

#### PAID HOLIDAYS

In the five regions surveyed, paid holidays were provided clerical workers by virtually all the surveyed companies. Only 1% or less of the establishments say they provide no paid holidays.

In order to determine the number of paid holidays granted, half holidays and full holidays were added. Thus, if one company grants six full days and two half days, employees were considered as getting seven days of paid holiday time.

Six paid holidays per year continues to be the most prevalent practice, but it has been losing ground rapidly. During 1951, somewhat more than half of the establishments reported that they granted six paid holidays; in 1959 only 32% continue the practice. This trend represents a rather sharp drop in less than a decade. And during this same period, the practice of granting seven and eight paid holidays has almost doubled. There is some evidence, also, that more establishments are granting nine paid holidays. The categories of less than six and more than nine holidays have shown no marked trends in either direction during the five survey years.

These trends are confirmed by surveys conducted by the Bureau of Labor Statistics. Its February, 1959 report reads:

"More paid holiday time was provided in the winter of 1957-1958 than five years earlier. The gain occurred chiefly in the proportion of workers receiving seven or eight holidays. The 37% of office workers whose paid holiday time totaled six days in the winter of 1952-1953 declined to 19% in 1957-1958, while increases to 28% and 15%, respectively, were recorded in the proportions provided seven or seven-and-one-half, and eight or eight-and-one-half days...."<sup>1</sup>

The trends in the number of paid holidays granted by the reporting establishments for each of the five years are given in the following tabulation:

Number of Paid Holidays	1951		1953		1955		1957		1959	
	No.	%								
None .....	—	—	37	a	20	a	35	a	25	a
Less than 6 .....	320	11	312	8	478	10	494	8	540	8
6 .....	1,536	51	1,628	44	1,925	42	2,010	33	2,146	32
7 .....	443	15	634	17	1,002	22	1,579	26	1,900	28
8 .....	216	7	326	9	486	10	905	15	1,098	16
9 .....	106	4	182	5	225	5	348	6	380	6
10 .....	134	4	233	6	183	4	279	6	307	5
11 .....	108	4	168	2	166	4	218	4	213	3
12 .....	51	2	72	a	82	2	99	2	78	a
More than 12 .....	73	2	47	a	40	a	60	a	49	a
No information .....	29	—	43	—	24	—	31	—	26	—
Total establishments .....	3,016		3,682		4,631		6,058		6,762	

\* 1% or less

#### LIFE AND HEALTH INSURANCE BENEFITS

There is evidence in the annual surveys that an increasing number of establishments are providing office workers with insurance protection against the hazards of life. Included are life insurance, hospitalization and surgical benefits. In 1951 group life insurance benefits were provided by 84% of the participating establishments; in 1959, 90% gave this coverage. And coverage for hospitalization and surgical benefits increased from 94% in 1951 to 98% in 1959.

Obviously only a few companies have not extended these forms of protection to office workers. But because such a high percentage provided this coverage in 1951, the trend has not been extreme. On the other hand, there has been a marked change in who pays the premiums for these benefits: an increasing number of establishments are picking up the tab for life and health insurance. In 1951, only 28% of the companies paid the full premium, while in 1959 39% are doing so in the case of life insurance. And the trend is also pronounced in the case of hospitalization and medical insurance. For this protection, only 22% of the establishments paid the full premium in 1951, whereas 36% are doing so in 1959.

It is of interest to note that the increase in the percentage of establishments paying the full premium for life insurance has been at the expense of the employer-employee joint-payment plan. However, in the case of hospitalization and medical services, the

<sup>1</sup> Bulletin No. 1224-20, "Wages and Related Benefits—Nineteen Labor Markets—1957-1958."

**Table 2: Number of Establishments Paying Daily and Weekly Overtime Pay**

Basis for Overtime	1951		1953		1955		1957		1959	
	No.	%	No.	%*	No.	%*	No.	%*	No.	%*
<i>Daily:</i>										
After 8 hours .....	—	—	1,380	37	1,915	41	2,459	42	2,810	42
After scheduled workday of less than 8 hours .....	—	—	553	15	567	12	715	12	764	11
No information .....	—	—	924	25	395	9	318	5	587	9
<i>Weekly:</i>										
After 40 hours .....	2,387	79	2,702	73	3,542	76	4,438	73	4,832	71
After scheduled workweek of less than 40 hours .....	289	9	345	9	529	11	789	13	883	13
Other basis .....	74	2	46	1	35	1	70	1	81	2
No information .....	31	1	321	9	169	4	167	3	430	6

\*Percentages add up to more than 100 due to dual practices in many establishments that pay overtime either on a daily or weekly basis or both.

increase in full payment by the company has been at the expense of full payment by the employee. For example, during 1951, covered employees in 38% of the establishments paid the full premium; this percentage had dropped to 15% in 1959. On the other hand, joint payment by both the employee and company increased from 40% in 1951 to 49% in 1959. The following tabulation shows the number of companies providing insurance and the method of paying the premiums.

Type of Benefit	Number of Establishments				
	1951	1953	1955	1957	1959
Life insurance .....	2,533	3,139	4,112	5,309	6,089
(84%)	(85%)	(89%)	(88%)	(90%)	
Premiums paid by:					
Company only .....	717	1,074	1,333	2,080	2,277
(28%)	(34%)	(32%)	(39%)	(39%)	
Employee only .....	187	160	354	n.a.	n.a.
(7%)	(5%)	(9%)	n.a.	n.a.	
Company and employee .....	1,629	1,905	2,435	3,229	3,712
(65%)	(61%)	(59%)	(61%)	(61%)	
Hospital and surgical .....	2,837	3,512	4,479	5,911	6,617
(94%)	(95%)	(97%)	(98%)	(98%)	
Premiums paid by:					
Company only .....	612	995	1,370	2,098	2,352
(22%)	(28%)	(31%)	(35%)	(36%)	
Employee only .....	1,081	980	1,070	1,043	1,007
(38%)	(28%)	(24%)	(18%)	(15%)	
Company and employee .....	1,144	1,537	2,039	2,770	3,258
(40%)	(44%)	(45%)	(47%)	(49%)	
Total establishments in survey .....	3,016	3,682	4,631	6,058	6,762

n. a. Not available.

### RETIREMENT BENEFITS

The prevalence of retirement benefits among the surveyed companies increased almost 50%. During 1951, somewhat more than half of the establishments provided this form of benefit, whereas three-quarters of the firms followed the practice in 1959.

More establishments reported noncontributory plans in 1959 than in 1951. The trend here seems to indicate that noncontributory plans are growing year

after year, as can be seen in the following tabulation:

	1951	1953	1955	1957	1959
Establishments with plans .....	1,716	2,179	2,941	4,220	5,016
(57%)	(59%)	(64%)	(70%)	(74%)	
Noncontributory .....	805	1,069	1,497	2,249	2,695
(47%)	(49%)	(51%)	(53%)	(54%)	
Contributory .....	911	1,110	1,444	1,971	2,321
(53%)	(51%)	(49%)	(47%)	(46%)	

### EXTRA COMPENSATION

Cooperating companies were queried on the practice of providing a bonus as extra compensation—over and above base salary rates. About one-quarter of the firms reported they paid office workers either a Christmas bonus or a year-end bonus in 1951 and 1953. However, this percentage dropped to about one-fifth in the 1959 survey. The trend is away from payment of extra compensation; the percentages are 25% in 1951, 25% in 1953, 24% in 1955, 22% in 1957 and 21% in 1959.

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### Management Bookshelf

**Fringe Benefits**—This book is one in a series on management science. It goes into the history, cost, and economic significance of fringe benefits of regional, industrial or national importance, with forecasts of their further development. The benefits covered are both compulsory and voluntary and include vacations, pensions, retirement plans, insurance, shift bonus, paid sick leaves, jury-duty pay, family death leave, guaranteed annual wage, and supplementary unemployment benefits. The information is intended for both instructional use and as a reference source for labor and management personnel. By Francis M. Wistert, Reinhold Publishing Corporation, New York, New York, 1959, 155 pp., \$3.75.

# Severance Pay for Executives

**Although each executive's case is considered individually, some companies do have severance pay plans for management to insure a minimum of uniformity**

PROBABLY there is no tougher decision, no decision that involves more soul searching for management than the decision to terminate the services of another member of the management group. However, in every organization, at some time or another, the classic situation arises: an executive becomes physically disabled; or the changing competitive environment outmodes his skills or requires adaptive behavior that the executive is incapable of; or a company's initial mistake in the selection of an executive becomes increasingly obvious; or a recession points up the general overstaffing that took place in the greener years.

In any of these situations, when the decision is made to terminate an executive, the way in which management helps this executive adjust is invariably decided on an individual basis. How any specific executive is treated will depend on his position in the management hierarchy, his performance over the years, his age and length of service, his family responsibilities, and his financial position—among other things.

But very often some general guides are desirable. As one company points out in a policy statement:

"Generally, questions concerning the separation arrangements for executive employees have required a good deal of discussion among top management individuals and, even so, there has been little assurance that the treatment accorded always has been uniform. This policy statement is intended to provide a pattern which, if used consistently, would resolve most of these questions promptly and with greater assurance that the treatment accorded is both uniform and fair. Not all of the situations that may confront us in the future can be expected to fall precisely within the following definitions, which have been purposely stated in general terms. When these exceptional cases arise they should be discussed with the president and executive vice-president before commitments are made to the individuals concerned."

This article describes the severance pay programs set up for management personnel in twenty-one manufacturing companies. These were gleaned from some 300 severance pay plans found in 259 manufacturing companies that cooperated in a study to be published soon in the Board's *Studies in Personnel Policy* series.

Two types of plans found in this study were selected as particularly pertinent to the problem of termination pay for the executive: (1) plans that are applied exclusively to management personnel and (2) plans that are applied exclusively to exempt salaried personnel.

Obviously, no tight generalizations can be made about executive severance pay from this small sample of twenty-one plans. In particular, any picture of the maximum benefits for executives must be hazy because of the variations needed to suit the situation of a particular executive. But the mere display of these twenty-one plans may be useful in the same way that they are useful to the companies which have developed them: that is, as basic guides to insure at least a minimum degree of uniform and fair treatment of any executive, whatever his individual needs and whatever the particular circumstances behind his termination.

## FOR EXECUTIVES ONLY

Among the 259 manufacturing companies with severance pay in the study, only six have developed a formal approach specifically for executives—management people alone are covered by these severance pay plans.

Generally these plans are not meant to be used if an executive resigns or is discharged for cause or is eligible for benefits from the company retirement plan. However, one of the companies states that an executive discharged for minor cause (or incompetence) will be given a month's salary. Another company allows annuity payments as well as severance pay if the "retirement is effected at management's request, usually because of ineffective work due to advancing age, physical disability or other reasons."

Only one of the half-dozen companies requires any significant amount of time on the payroll for an executive to be eligible for termination pay. In this company, the severance pay arrangement applies only if the executive has at least five years' service at the time he is terminated.

The formulas used in the six companies as a guide to termination pay for executives are shown below. It will be noted that in one company the age of the executive is given explicit recognition in the formula, and all the companies vary the benefit according to the executive's length of service.

- Between one and two weeks' pay for each year of service over five.
- Two weeks' pay plus one week per year of service up to twenty-five years. Maximum: twenty-six weeks' pay.
- Under five years' service—one month's pay; five years

and over—one week per year of service; maximum, twenty-five weeks' pay.

- Up to twenty years' service—one-half week's pay per year of service; twenty years and over—one week per year of service.
- Less than five years of service—one to two months' pay; five to ten years—two to three months' pay; ten to twenty years—three to four months' pay; twenty to thirty years—four to five months' pay; more than thirty years—five to seven months' pay.
- Six months' to two years' service—one and one-half months' pay; two to five years—two and one-half months' pay; five to ten years—three and one-half months' pay; ten to fifteen years—four months' pay; fifteen to twenty-five years:
  - under age forty-five—five months' pay;
  - forty-five and over—six months' pay;
  - twenty-five years and over:
    - under age fifty-five—eight months' pay;
    - fifty-five and over—twelve months' pay.

It will be noted that one company sets a limit of a year's salary on its severance pay guide, and the executive needs at least twenty-five years' service to get this. Three companies set the maximum at roughly a half-year's salary: an executive needs at least thirty years' service to get the maximum in one company and twenty-five years in the other two. To receive a half-year's salary in the two plans that set no specific maximum, an executive would need at least eighteen years' service in one company and twenty-six years in the other.

#### FOR EXEMPT SALARIED ONLY

In addition to the half-dozen plans designed exclusively for management, another fifteen companies have plans that are limited to exempt salaried employees. Obviously the majority of employees covered by these plans are not executives, but a significant number of the group are at the management level.

As with the plans for executives only, the plans for exempt people are not designed for employees who quit, are discharged for cause or are eligible for retirement benefits. However, at least three companies will consider the application of the plan to executives who are discharged for a "minor cause" or who resign—but not if it is to take another position, or because of "dissatisfaction with some reasonable condition of employment."

Only one company calls for any significant amount of service at termination as a condition of receiving severance pay. In this case, the exempt salaried employee needs fifteen years of service; all who have been with the company at least this long receive fifteen weeks' pay.

Three companies have only a general guide, rather than a plan in the strict sense of the word, which is applied to exempt salaried personnel, as indicated by the statements below:

- "Usually a month's pay is given."
- "We seldom give less than a month's pay and seldom more than four months' pay."
- "We will give up to two months' pay."

Two companies provide one week's pay for each year of service the exempt employee has at termination. In one of these, the stated maximum is six months' salary; less than a month's pay seldom is given.

In three companies the age of the exempt salaried employee is recognized explicitly in the formula that guides management decisions. These formulas are shown below.

- Company A provides one week per year of service, and

#### Six Plans for Exempt Salaried Personnel Based on Years of Service

- Less than 1 year's service— $\frac{1}{2}$  month's pay  
1 to 4 years—1 month's pay  
4 to 5 years— $1\frac{1}{2}$  months' pay  
5 to 7 years—2 months' pay  
7 to 10 years— $2\frac{1}{2}$  months' pay  
10 or more years—3 months' pay
- Under 1 year's service— $\frac{1}{2}$  month's salary  
1 to 5 years—1 month's salary  
5 to 10 years— $1\frac{1}{2}$  months' salary  
10 to 15 years—2 months' salary  
15 years and over—determined by individual circumstances
- Less than 2 years' service—4 weeks' pay  
2 to 3 years—5 weeks' pay  
3 to 5 years—6 weeks' pay  
5 to 7 years—7 weeks' pay  
7 to 10 years—8 weeks' pay  
10 to 15 years—9 weeks' pay  
15 years and over—10 weeks' pay
- 1 to 3 years— $\frac{1}{2}$  month's pay  
3 to 5 years—1 month's pay  
5 to 7 years— $1\frac{1}{2}$  months' pay  
7 to 10 years—2 months' pay  
10 to 15 years— $2\frac{1}{2}$  months' pay  
15 years and over—3 months' pay
- Under 15 years' service—1 month's pay  
15 to 25 years' service—2 months' pay  
25 years and over—3 months' pay
- Under 3 years' service— $\frac{1}{2}$  month's pay  
3 to 5 years' service—1 month's pay  
5 to 7 years' service— $1\frac{1}{2}$  months' pay  
7 to 10 years' service— $1\frac{3}{4}$  months' pay  
10 to 15 years' service—2 months' pay  
15 to 20 years' service—3 months' pay  
20 to 25 years' service—4 months' pay  
25 to 30 years' service—5 months' pay  
30 years and over—individual consideration

lets age determine the maximum benefit, as shown below:

maximum:	16 weeks' pay—under age 45
	20 weeks'—45 to 50
	26 weeks'—50 and over
minimum:	2 weeks' pay

- Company B allows age to affect the rate per year of service and the maximum benefit:

Age	Weeks' Pay Per Year of Service	Maximum
44 and under .....	3/4	13 weeks' pay
45 to 49 .....	1	17
50 to 57 .....	1	22
57 to 64		
Under 15		
years' service .....	1	22
15 or more		
years' service .....	1 1/4	26

- Company C uses a detailed schedule, a portion of which is shown below:

Service	Age			
	35	45	55	65
1 year	1 month	1 month	1 month	1 month
5 years	1 1/2 months	2 months	2 1/2 months	3 months
10 years	2 1/2 months	3 months	3 1/2 months	4 1/2 months
15 years	3 1/2 months	4 months	4 1/2 months	5 months
20 years	4 1/2 months	5 months	5 1/2 months	6 months
25 years	....	6 months	6 1/2 months	7 1/2 months
30 years	....	7 months	8 months	9 months
35 years	....	....	10 months	12 months

The other six companies with a severance plan designed exclusively for exempt salaried employees use fairly detailed years-of-service groupings to determine the size of the benefit. These are shown in the accompanying box.

It will be noted that the maximum severance pay stated in the plans for exempt salaried personnel is almost always six months' salary or less. One of the plans does set the limit at a year's pay but only after thirty-five years of service. Another company has no stated limit but twenty-five years' service would be needed in order to get above the six months' salary mark.

Among the thirteen plans that have a stated maximum of six months' pay or less, three provide six months' pay; one, five months'; and two, four months'. Another three give three months' pay; one, two-and-a-half months'; two, two months'; and one, one month's.

Three of the companies with a stated maximum did not indicate the amount of service needed to get the top benefit. Among the other eleven plans, ten years of service are required by two plans; fifteen years in three; twenty-one years in one; twenty-five years in four; and in one, thirty-five years.

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## Management Bookshelf

**A History of American Labor**—In this volume the author traces the role of American labor from its pre-Revolutionary War inception to the present day. Against the background of the historic, economic and political forces at work along the way, the story is told of how unions in this country adjusted from an environment that was completely craft to one that is predominantly industrial. The author has been teaching labor history at Penn State College since 1947. By Joseph G. Rayback, *The Macmillan Company, New York, New York*, 1959, 459 pp., \$6.

**Personnel Management in Small Companies**—The author here attempts to encompass the whole field of personnel administration in one hundred pages of handbook size. This, obviously, precludes coverage in depth. Her book indicates the scope of personnel activities and suggests how programs may be adapted in the smaller companies in which perhaps line executives have no staff assistance in the performance of their personnel administration responsibilities. By Frances Torbert, *Institute of Industrial Relations, University of California, Los Angeles*, 1959, 102 pp., 50 cents.

**Decision Making and Productivity**—It is the author's thesis that the "one best way" of doing things is a bit of mythology rooted in industrial engineering. Alternatives exist that

have varying effects upon the level of productivity. And these alternatives, contends the author, must be geared to the purposes of increased productivity.

In analyzing the alternatives, the author looks into the impact on decision making of unions with different orientations, i.e., the craft union versus the "politically oriented union." And documentation is provided as to the effects in cost terms of various alternatives. By Seymour Melman, *John Wiley & Sons, Inc., New York, New York*, 1959, 260 pp., \$7.

**The Practice of Collective Bargaining**—The authors of this work suspect that future historians may find that the most significant domestic development of the 20th century was the advent of collective bargaining as a major economic and social process. Accordingly, they examine both the historical and current status of the union-management relationship. Included are separate chapters on issues in collective bargaining, such as union security and management rights, wage structure, health and welfare plans, and unemployment benefits. For each chapter, an annotated list of references is given. Because this book has been designed principally as a text, case studies in collective bargaining disputes are also provided. By Edwin F. Beal and Edward D. Wickersham, *Richard D. Irwin, Inc., Homewood, Illinois*, 1959, 738 pp., \$8.70.

# The Impact of a Strike Upon Customer and Supplier Relationships

DURING A RECENT STRIKE, a large company sent its customers a copy of a letter addressed to its employees, which discussed the issues involved in the dispute. At the same time, the company president wrote to his firm's customers: "We want you to know we deeply appreciate your patronage, and sincerely regret any inconvenience caused you by interruption of service. . . ." After expressing the hope for early resumption of service, the company's president ended his letter with the following statement: "May I assure you again that we very much appreciate your sympathetic understanding of our situation."

Letters such as these serve to point up the fact that one of the major considerations which companies threatened with a strike face is the possible effect of a work stoppage upon their relationships with their customers and suppliers. Lest they discover, once a strike is settled, that they have lost customers, or the sources of raw materials needed to resume production, many companies make special arrangements with their customers and suppliers. In an effort to outline the kinds of arrangements that are most frequently made in strike situations, THE CONFERENCE BOARD explored this area with a group of 106 companies that have had strikes in the recent past.

## COMMUNICATING WITH CUSTOMERS

Most of the companies in this survey—seventy-three of the 106—notify their customers that the possibility of a strike exists. This is done, they say, primarily to guard against the future loss of these customers (Table 1).

Communications to customers may be either written or oral. In some companies salesmen pass along information regarding the outlook for negotiations during their regular contacts with their customers. These salesmen, in turn, receive their information on the day-to-day prospects for a strike during sales meetings and through sales bulletins. In this way they are instructed on how to handle customers' inquiries concerning such matters as the kinds of orders the company expects to be able to process, strike outlook, and the like.

Other companies contact their customers by letter, telling them about the possibility of a strike's occurring. These letters generally cover such topics as the progress of day-to-day negotiations, the union's atti-

tude and demands, and the company's offers and counterproposals. In addition, however, the customer is frequently asked to bear with any inconvenience resulting from the strike. Where it is feasible to do so, the company may also urge the customer to build up an inventory of its product.

Twenty-four companies indicate that they do not make a practice of notifying their customers before the onset of a strike. Several of these are public utilities, whose negotiations receive considerable coverage in the daily press. Because of this publicity, these companies report that they do not find it necessary to make special announcements to their customers among the general public. A few note, however, that they do contact large industrial customers to advise them of any effect a strike may have upon the services the utility can provide.

## Other Arrangements with Customers

One way of insuring that a customer will be supplied with the company's product is to advance delivery dates on goods already ordered. Slightly more than half of the companies questioned by THE CONFERENCE BOARD indicated that they have made such arrangements with their customers during recent strikes. In some cases, of course, it is not possible to advance delivery dates—as, for example, in public utilities and in the case of perishable products.

In cases where a strike continues for a long period of time, special arrangements may be made to supply customers with the products they require. Approximately 30% of the cooperating companies (thirty-two in all) have in the past made arrangements to have their regular customers' orders filled by outside firms.

Some companies balk at this idea of having their customers' orders go to a possible competitor. But the firms that do this say that although they dislike giving business to a competitor, they believe it is best to do so because if *they* did not make the arrangement the customer would very likely go directly to their competitor. By acting as middleman, these companies still maintain contact with their customers. In some cases firms have subcontracted work out, and thus have had their own trademark or product name put on items made by other companies. One company sometimes purchases a competitor's products outright, for resale to its own customers. Another company indi-

cates that it makes arrangements for other companies to supply parts for its product but not the whole item.

### Special Multiplant Arrangements

It sometimes happens that only one location of a multiplant company is directly affected by a strike. In such cases it may be possible for a company to serve its customers and help overcome the effects of a strike by utilizing the facilities of its other plants in the following ways:

- Notify customers to send mail to its other locations.
- Reroute incoming orders to other locations.
- Hire extra workers in other plants.
- Arrange for overtime in other plants.
- Cancel vacations in other plants.
- Transfer material to other plants.

Seventy-nine of the 106 companies participating in this survey are multiplant organizations. Of these

seventy-nine, forty-five (56.9%) have in the past rerouted incoming orders to other plants of the parent organization for processing. Twenty-nine companies (36.7%) have transferred material to other locations, and in twenty-three companies (29.1%) overtime has been scheduled to take care of this extra work. In ten cases, companies report that they hired additional employees; in seven cases vacations were cancelled to provide the necessary manpower. (See Table 2.)

A number of the seventy-nine multiplant companies indicate that such special arrangements are not always feasible for them. A manufacturing concern's industrial relations manager explains why in these words: "The various plants of this company have no common product line—each operating unit has its own product assignment differing from other units. Hence, transfer of business in any form between plants is not practical."

Several companies point out that their own union contract forbids the processing of so-called "struck

**Table 1: Arrangements Made by 106 United States and Canadian Companies with Customers Prior to Strike**

Arrangement	Total United States and Canadian Companies		United States Companies				Total Canadian Companies	
	Number	Per Cent	Total	Number of Employees				
				1-249	250-999	1,000-4,999	Over 5,000	
Total companies.....	106	100.0	93	5	13	29	46	13
Notify customers of strike possibilities.....	73	68.9	67	4	7	21	35	6
Do not notify customers.....	24	22.6	18	1	5	7	5	6
No answer.....	9	8.5	8	0	1	1	6	1
Arrange for deliveries of orders from outside firms.....	32	30.2	29	2	4	10	13	3
Do not arrange for deliveries.....	55	51.9	47	3	6	16	22	8
No answer.....	19	17.9	17	0	3	3	11	2
Arrange to advance date of future deliveries to before strike.....	59	55.6	54	4	7	14	29	5
Do not arrange to advance date.....	27	25.5	23	1	5	10	7	4
No answer.....	20	18.9	16	0	1	5	10	4

**Table 2: Actions Taken by Seventy-nine Multiplant Companies When a Strike Is Imminent**

Arrangement	Total United States and Canadian Companies		United States Companies				Total Canadian Companies	
	Number	Per Cent	Total	Number of Employees				
				1-249	250-999	1,000-4,999	Over 5,000	
Total companies.....	79	100.0	69	2	6	18	43	10
Reroute incoming orders to other locations.....	45	56.9	39	2	4	9	24	6
Transfer material to other plants.....	29	36.7	26	2	4	7	13	3
Arrange for overtime in other plants.....	23	29.1	22	2	2	2	16	1
Hire extra workers in other plants.....	10	12.7	9	2	2	1	4	1
Notify correspondents to send mail to another location....	9	11.4	7	0	1	1	5	2
Cancel vacations in other plants.....	7	8.9	6	1	0	0	5	1*

\* Only supervisors' vacations cancelled.

**Table 3: Arrangements Made by 106 United States and Canadian Companies with Suppliers Prior to a Strike**

Arrangement	Total United States and Canadian Companies		United States Companies				Total Canadian Companies	
	Number	Per Cent	Total	Number of Employees				
				1-249	250-999	1,000-4,999	Over 5,000	
Total companies.....	106	100.0	93	5	13	29	46	13
Notify suppliers of possible strike.....	70	66.0	61	4	7	17	33	9
Do not notify suppliers.....	27	25.5	23	1	4	11	7	4
No answer.....	9	8.5	9	0	2	1	6	0
Advance delivery date of supplies to before strike....	62	58.4	55	4	8	15	28	7
Do not advance delivery date.....	22	20.8	18	1	1	7	9	4
No answer.....	22	20.8	20	0	4	7	9	2
Arrange for outside warehouse space.....	60	56.6	51	3	7	13	28	9
Do not arrange for space.....	29	27.4	25	2	3	11	9	4
No answer.....	17	16.0	17	0	3	5	9	0

work." And a few other companies point out that even though their contract did not contain such a clause, union members have upon occasion in the past refused to handle work that would normally have been done at another location, which was then on strike. This, they indicate, is most likely to happen if both plants are organized by the same union, or by unions friendly with each other.

The length of a strike also affects company willingness to transfer work to other locations. During a short strike, say several company spokesmen, it is not practical to transfer materials or expand the working force at another location. But when it appears that the strike will be long, a company may find that it is necessary to make arrangements for one plant to handle part of another's work load.

### SUPPLIER ARRANGEMENTS

As with their customers, a majority of companies participating in THE CONFERENCE BOARD's survey notify their suppliers of the possibility of a strike. Any subsequent actions taken, however, depend upon the nature of the strike, the extent of company storage facilities, and whether the company expects to continue operations during the strike. Two often-conflicting aims guide many companies in deciding what steps to take: First of all, company executives want to have a sufficient supply of raw materials on hand so that production can continue, or, if the plant is to shut down, that once the strike is over that production can be resumed with a minimum of delay. At the same time, however, they wish to minimize costly storage expenses or demurrage charges.

#### Advance Delivery Date, if Feasible

Where sufficient notice of a pending strike is given, companies may try to have goods coming in from their suppliers shipped before the normal delivery date. More than half of the 106 companies indicate that this has been common practice for them—provided, of

course, that the incoming material is not perishable. (See Table 3.)

Advancing the delivery date of incoming materials, however, sometimes creates a storage problem; and if this problem becomes acute, companies may try to arrange for the rental of outside warehouse space. Sixty of the 106 companies that have experienced strikes in the recent past report that they have upon occasion taken these measures. When this is done, companies must, of course, notify their suppliers to deliver shipments to a warehouse, rather than the ordinary destination.

Not all companies divert shipments to another destination, however. Sometimes a company may decide to have shipments held at their point of origin until production is resumed. Or the company may try to secure an agreement from the striking union permitting incoming materials ordered prior to the strike or already in transit to be delivered through the plant gates. While this kind of arrangement is not frequently made, thirteen United States companies and three Canadian concerns say that in the past the union has agreed to such action.<sup>1</sup>

Several companies indicate that when faced with the problem of incoming supply shipments, they advised suppliers to attempt to deliver incoming goods even in the absence of a union agreement permitting the material to go through the picket line. One company spokesman points out that his organization did not anticipate any trouble having goods delivered, since the company itself had a valid agreement with the Teamsters' union, the members of which continued to work. Thus, the company reasoned that members of other Teamster locals would not refuse to cross picket lines.

Still another arrangement for the delivery of goods

<sup>1</sup> Such arrangements are frequently referred to as "Marquis of Queensberry Rules for Strikes," and are described in the article by the same title which appeared in the *Management Record* for March, 1956.

is described by the industrial relations manager of a medium-sized midwestern concern. His company made arrangements with the local freight terminal to pick up shipments in a truck driven by supervisory employees.

### DEMURRAGE CHARGES

Incoming and outgoing shipments by railroad pose a special kind of problem when a strike occurs, for a company may become liable for demurrage charges, a penalty levied for unduly detaining freight cars at a railroad siding. When freight cars are detained because of a strike of the employees of the shipper or consignee (rather than a strike of the railroad employees) a special charge of \$3 per car per day is made. Saturdays, Sundays and holidays are included, and there is no "free time" allowance. In addition, the company must provide a written claim to the railroad within thirty days after the strike ceases (exclusive of Saturdays, Sundays and holidays) in order to take advantage of this reduced demurrage charge.<sup>1</sup>

Even this reduced rate of \$3 per car per day can become a substantial expense item, for it is not unusual for a large company to have 1,000 freight cars at its sidings at any one time. Should these cars be held "captive" until the end of a strike, the company may find itself billed for \$3,000 for each day of the strike.

Because of the potential expense of such demurrage charges, many companies take steps to avoid incurring

<sup>1</sup> Letter from Owen Clarke, dated 7-5-57, then chairman of the Interstate Commerce Commission.

them. Among the steps most frequently indicated to the Board are the following:

- Arrange to have loaded freight cars unloaded before the strike starts.
- Arrange to have empty freight cars loaded before the strike starts.
- Notify railroads to cancel freight cars that are scheduled to arrive at their sidings during the time of the strike.
- Reroute freight cars to storage warehouses, or, in the case of multiplant companies, to other locations of the company. In a few cases incoming material is rerouted to be sold to other companies.

In addition, several companies mention that they have been able to secure the striking union's agreement, mentioned above, that material already in transit will be unloaded. Several companies also point out that the question of demurrage charges has never been a serious one for them to face—particularly those companies whose railroad sidings actually extend into company property. In such cases, companies report that it is more difficult for the striking union to interfere with the loading or unloading of freight cars.

Another point of view is expressed in the words of a company representative, who says: "Demurrage charges are considered negligible in comparison to the total costs of a shutdown. We would incur whatever demurrage charges are necessary to maximize production following the strike settlement."

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### Management Bookshelf

#### Creativity: An Examination of the Creative Process —

A report of the Third Communications Conference of the Art Directors Club of New York, 1958. This conference explores the nature of the creative process, the discovery of it in the individual, the development of this ability by training and exercise, techniques of the group and its effects on creativity, as well as the environmental factors that encourage it. In this volume such questions are examined as: What are creative ideas? How do we go about getting them? Is creative ability a matter of inspiration? For that matter, what is inspiration? Are there any techniques for discovering creativity in individuals? Is there any training that develops it? What sort of environment encourages it? These questions are answered by top authorities representing business and industry, education, the sciences, engineering, and the arts. Edited by Paul Smith, Hastings House, New York, New York, 210 pp., \$4.95.

#### Functions, Standards and Qualifications for Occupational Health Nurses—Three years ago the Industrial Nurses Section of the American Nurses' Association adopted a

statement of functions and standards for an industrial nurse in a one-nurse service in commerce or industry. (See *Management Record*, July, 1956.) A similar statement concerning the functions and qualifications of a director of an occupational health nursing service was adopted by the same group in 1958. Both these statements are now published in this 6 by 9 inch brochure. *The American Nurses Association, 10 Columbus Circle, New York, New York, 1958, 20 pp., free.*

**Sourcebook on Labor**—As its title implies, this volume is designed to familiarize the student of industrial relations with some of the source material dealing with labor. Divergent and often conflicting points of view on such matters as labor monopoly, union security, and Taft-Hartley are presented. Among the documents contained are union constitutions, collective agreements, company statements of labor policy, laws and court decisions, arbitration awards, and reports of government inquiries. Compiled by Neil W. Chamberlain, McGraw-Hill Book Company, Inc., New York, New York, 1958, 1,104 pp., \$9.75.

# Statistics and the Personnel Director's Job

The old idea that "intuition is enough" has pretty much given way to a more scientific approach, which includes the use of statistical concepts

MUCH IS EXPECTED of a personnel director today. He needs to have wide knowledge and diverse skills. The mere listing of the areas in which it is assumed he will be competent is impressive.

It is generally agreed that he should be grounded in economics and business administration. Likewise, we are told, he should be at home in the social sciences. He should have a practical grasp of public relations. He should have a working knowledge of the functions of all the divisions of the company which employs him. He should be a good public speaker and an effective conference leader. He should be able to express himself clearly in writing. It goes without saying that he should be familiar with all the techniques of modern personnel administration. And company presidents now are emphasizing that he must be a man of high moral and ethical principles.

In addition to all this, it is becoming increasingly evident that he should know something about statistics! Without at least a working knowledge of the subject he is unable to read and evaluate many of the current researches in the field of personnel administration. Even more important, without this knowledge he is unable to make use of the tools of statistics, which can help him continuously to appraise and to improve his own performance.

## The Practical Approach

Consider a personnel director who has worked in a company twenty-two years. He started out in the shop. Fourteen years ago he got into personnel, and he's been the director the last five years. This man always thought that one of his major qualifications for personnel work was his ability to understand people and to get along with them. He likes people, and they tell him what's on their minds. So he's confident that he knows what they are thinking and that he can plan accordingly.

This personnel director is "flying by the seat of his pants"—by feel and intuition. He is relying on introspection and on the opinions of his friends and associates.<sup>1</sup> He is saying, in effect, that he does not need to tap the thinking of a large cross-section of employees and that he does not need to use modern tools and research methods before making the important de-

cisions that are his responsibility as head of the company's division of personnel administration.

Children are amused by the fable of the six blind men, each of whom attempted to describe an elephant after making a single contact with the animal. They all told with assurance what an elephant was like. Each was right as far as he went, but none had learned enough about elephants to describe them in any adequate way.<sup>1</sup>

The truth is that all of us are more like these blind men than we care to admit. We often make judgments without taking the time and effort that is required to collect the needed information. Of course, we probably never would act if we waited until *all* the facts were in, but the point is that our decisions are likely to be no better than the information on which they are based, and often our decisions are based on information that is spotty and incomplete.

Usually, good answers can be found without pursuing a problem endlessly. Let us suppose for a moment that one is asked to describe the chemical composition of the Pacific Ocean. This ocean covers some 63 million square miles of the earth's surface. There would be no need to sail over this tremendous area, collecting samples of water. But it would be unwise to collect just a few samples close to shore where the composition of the water might be affected by commercial traffic, by erosion of the land, by sewage, or bathing.

## The Use of Sampling

The sensible approach, of course, would be to collect and analyze a reasonable number of samples from representative areas of the ocean. The technique of good sampling is well understood by statisticians, and its validity has been demonstrated many times. (There is no need to stop here to discuss what is meant by "reasonable number of samples" or "representative areas of the ocean," but these matters do not pose difficult problems for the trained researcher.)

Everyone employs the sampling technique. It is inevitable. We cannot read all the newspapers or books that are published, so we pick and choose. The same is true in almost all areas of life. The important matter is *how good is our sampling?*

<sup>1</sup> An elephant was likened to a wall, a spear, a snake, a tree, a fan, and a rope by the blind men who felt his side, his tusk, his trunk, his leg, his ear and his tail, respectively.

<sup>1</sup> Introspection is often thought of as "what experience has taught me is good, plain common sense."

Let us suppose that the president of a large company says to his personnel director: "Jim, we should organize some recreation for our employees. We have \$275,000 available. I'd like your recommendation on how best we can spend this money for recreational purposes."

Jim tackles this assignment with enthusiasm. Almost immediately he envisions buying a few acres of land near the city and laying out a half-dozen fine tennis courts. "We probably will want to throw up a small club house, too," Jim says to himself, "and install some lockers and showers." The reason this picture forms in Jim's mind so promptly, of course, is that Jim is a tennis enthusiast.

Jim tries his ideas out on some of his friends at the company. Unconsciously, he picks these friends rather carefully. Within two days he has seen and discussed his tennis club idea with ten of his associates.

He did not bother to record their responses nor did he make any attempt to put them into categories. If he had, he would have discovered that three had said, "Great idea, Jim." Four said, "Your idea has merit." Another two said, "It's all right with me, but I haven't played tennis for years." One said, "I doubt that a tennis club would be very popular with our employees."

Jim was delighted. He felt that practically everyone had endorsed his project. He did not get the impression that anyone was trying to let him down gently, or that they were suggesting that he consider other ideas, too. Certainly no one had said, "No." Thus, Jim went

ahead with the tennis club idea, convinced that he was on the right track.

This, perhaps, is an extreme example of what occurs in many organizations when people make decisions on the basis of their own ideas and the ideas of a small number of nonrepresentative associates.

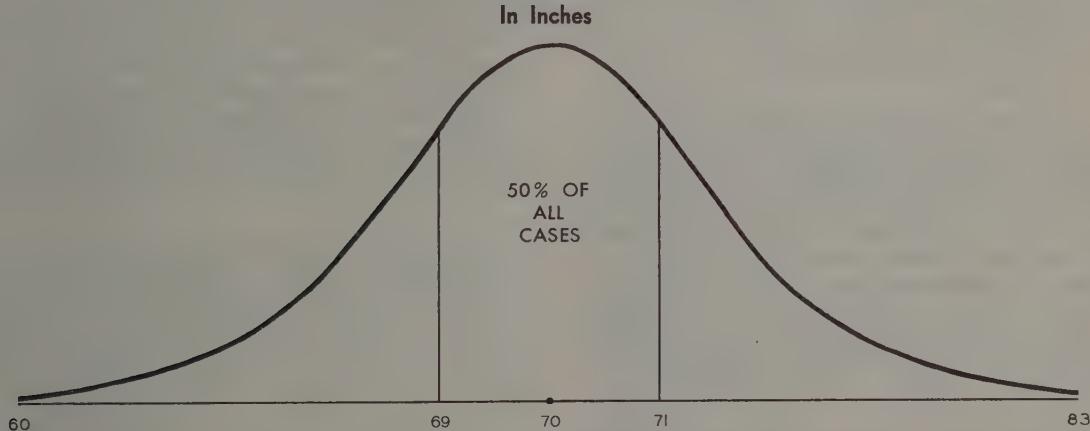
What might have happened, on the other hand, if Jim had taken a different approach? Suppose he had drawn up an objective, comprehensive recreation survey, and that he had asked the 5,000 employees of the company (or perhaps every tenth employee selected at random) to fill it out. The tennis club idea would have appeared on the questionnaire, but so would dozens of other ideas. When the completed questionnaires had been tabulated and the results analyzed, the thinking of the employees would be known. Then a recreation plan could be worked out. It might combine two or three of the high-scoring ideas. It might benefit from specific suggestions offered by the employees. The employees probably would like the plan, feeling that it was, at least in part, their own.

#### Who Is Average?

A statistical term familiar to anyone with a grade school education is "average." But how well is "average" understood? Consider a few commonly held ideas. Three may be stated as follows:

- Most people are lazy.
- Almost everyone is honest.
- Most people are above average in intelligence.

**Distribution of the Height Measures of 10,000 University Males**



*The Statistical Concept of "Average"—*As viewed by the statistician, 5,000 of these young men, or 50% of the total group, are average in height. Thus, at this university all boys 5 feet 9 inches to 5 feet 11 inches in height are described as average in this characteristic. (The shortest student in the entire group is an even 5 feet and the tallest is 6 feet 11 inches.)

*Note on the Bell Curve—*The "inverted bell" or normal

distribution curve, as illustrated here, is formed by plotting each student's height along the base line from 60 inches to 83 inches. Since there is only one student (or case) at 60 inches, the curved line is only one unit high at that point. The curved line is at the greatest distance above the base line at 70 inches, showing that there are more boys in the university that are 70 inches tall than any other height. The number of cases determines the curve.

Although it is probable that most people would subscribe to one or more of these statements, each is false. There are as many individuals *below* average in intelligence as above. Norms for laziness and honesty are established by the behavior of people. The same is true for all human characteristics. By definition, there are always just as many who score below average on a particular characteristic as who score above.<sup>1</sup> Again by definition, most people are average in intelligence, honesty, laziness, height, weight, and so on.

This does not mean that all persons described as average in a certain characteristic make identical scores. But their scores are all within a certain distance from the midpoint.

As an example, let us suppose one has the records of the height of 10,000 young men at a state university. The records have been arranged in order. Note that the shortest of the 10,000 men is 60 inches tall; the tallest, 83 inches. The average man is 70 inches.

The average *group* is usually defined as including half of all the cases.<sup>2</sup> Here, we would take the 2,500 men below the midpoint and the 2,500 above. The 5,000 in the average group would range in height from 69 to 71 inches. The remaining 5,000 men would be divided between those less than 69 inches and those more than 71 inches.<sup>3</sup> (See the chart on the preceding page.)

To say that a person is average in some respect is not to stigmatize him. Of course, averages are not fixed once and for all. Even average heights are subject to change. While the Bible declares that no man by taking thought can add to his height, it is a fact that the height of the average World War II draftee was significantly higher than the height of his World War I counterpart.

#### Use of "Per Cent"

Another widely used statistical term is *per cent*. It, too, can lead to misunderstandings. How, for example, should the statement, "Eighty-three per cent of doctors recommend salt tablets for manual workers during warm weather," be evaluated? Before investing company money in salt tablets, the personnel director will be interested in the answers to at least two questions.

- Does the 83% mean that five of six doctors recommend the use of salt tablets, or was a survey made among hundreds or thousands of doctors?

<sup>1</sup> Strictly speaking, there are the same number scoring below the *median* as above. The *mean* is the arithmetic average of all the scores. If there is a large number of scores, the *mean* and the *median* will generally be the same or so close together as to be practically indistinguishable.

<sup>2</sup> If "standard deviation" is used, 34.13% of the cases below and above the average will be included, or 68.26% of all the cases. According to this reckoning, approximately two-thirds of all the cases belong in the average group.

<sup>3</sup> All figures have been "rounded" for easier reading. (Actual measures of height were not used.)

- Were the doctors involved qualified and disinterested witnesses on the subject of salt tablets?

If the claim was based on the opinions of only six doctors without experience in industrial health work, its value might be questioned. Figures as high as 80% or 90% sound impressive, but they may not stand up under close inspection. More information is needed before the importance of such figures can be determined.

Not long ago a large company conducted an employee attitude survey. Questionnaires were mailed to the homes of the workers. Thousands were filled out and returned. In reporting back to the employees, the company expressed high satisfaction with the number of returns. The number *did* seem impressive, but a simple calculation showed that 26% of the employees did *not* participate in the survey. Conclusions were drawn on the basis of the 74% return. The conclusions might have been different if all the employees had cooperated.<sup>1</sup>

Interesting facts that would otherwise remain hidden can be revealed by statistical analysis. It is hazardous as well as difficult to draw conclusions from an examination of single occurrences. But such occurrences can be grouped and analyzed. Often rather simple procedures are all that are needed.

Within the past year a team of Italian bridge players came to this country and defeated a crack team of American players. This was their third loss in as many matches with teams from Italy. Bridge players across the nation were asking why the Americans lost. Various ideas and theories were advanced, but no one could speak with authority. The discussions were endless and inconclusive. No one really knew the answer.

Then a simple analysis was made of the 156 boards (hands) that had been played. An answer was found that goes far toward explaining the Italians' superiority. They excelled the Americans in the area of communication. They were more skilled and more accurate in exchanging information with their partners in terms of their bidding. This was especially true in the hands bid to slam.

The Italian players bid eleven slams, making nine. (Even the two that were defeated were sound contracts.) The Americans, on the other hand, made only five of nine slam bids. (Here the four not made were hopeless from the beginning.) The Italian team won from the Americans by fifty IMP's (International

<sup>1</sup> The classic illustration of the possibility of reaching a wrong conclusion, despite an impressively large sampling, is the *Literary Digest* presidential poll of 1936. Only 40.9% of the 2,370,523 persons who participated in that survey indicated that they planned to vote for Roosevelt. On this basis the magazine predicted the election of Governor Landon. But Roosevelt polled 60.2% of the popular vote.

Two major criticisms of the *Digest* poll have been made: The sample to which ballots were mailed included only those with telephones and thus was "loaded" with individuals in the above-average economic groups; and the characteristics of those not returning their ballots were ignored.

Match Points), and the hands bid to slam accounted for a swing of thirty-five IMP's in favor of the Italians.

Techniques no more complicated than those illustrated here can be used to advantage by personnel administrators to throw new light on many day-to-day problems. A follow-up study of one hundred "hires" could reveal best recruitment sources. An analysis of all the lost-time accidents occurring during a given period in a company might lead to changed procedures which, in turn, could result in fewer accidents and the saving of thousands of dollars annually. Evidence of the value of psychological testing, of employee counseling, of various training methods, and of many other personnel practices could be studied in a similar way.

A few years ago the findings of a survey made among 483 retired men were published.<sup>1</sup> The author concluded that certain assumptions widely held about older workers were open to question. Among the assumptions that were challenged were the following:

<sup>1</sup> "The Cleveland Survey of Retired Men" by S. L. Payne, *Personnel Psychology*, Vol. 6, No. 1 (Spring, 1953), pp. 81-110.

- that the development of hobbies contributes much to positive attitudes about retirement;
- that "keeping busy" is essential to a happy retirement;
- that advanced planning for retirement is desired and helpful;
- that everyone (or even a majority) wants to leave his home community for Florida or California when he retires.

Sometimes statistical research leads to findings that support and confirm what personnel directors are doing; sometimes, to findings which cast doubt on their procedures. Either way, the findings are valuable.<sup>1</sup>

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<sup>1</sup> This article, of course, represents no more than a brief excursion into the field of statistics. Many books have been written on the subjects. Two are:

"Statistics: A New Approach" by W. A. Wallis and H. V. Roberts, Free Press, Chicago 1, Illinois, 1956, \$6.50 (cloth).

"How to Lie with Statistics" by Darrel Huff and Irving Geis, Norton, New York 3, New York, 1954, \$1.95 (paper).

As the title suggests, the second book is lighter than the first.

## Management Bookshelf

### Measurement and Evaluation of Organizational Performance: A McKinsey Foundation Annotated Bibliography—

Articles and books dealing with measurement of the total enterprise, as well as functional units of the enterprise, are included in this bibliography. Functions covered are accounting and finance, advertising and public relations, personnel, production, purchasing, research and development, and sales and marketing. A separate section deals with appraisal of individual performance. *By Paul Wasserman, published by Graduate School of Business & Public Administration, Cornell University, Ithaca, New York, 110 pp., \$3.75.*

**Personnel Management (Fourth Edition)**—This guide to personnel management describes principles, practices, and selected examples of generally accepted solutions to common problems. Included among the wide range of subjects covered are the hiring, testing and training of employees, the flow of communications, wage problems, union-management relations, grievance handling, discipline, and recreational programs. It also discusses the implications for personnel management of atomic power, cybernetics, automation, and operations research. *By Michael J. Jucius, Richard D. Irwin, Inc., Homewood, Illinois, 763 pp., \$9.*

**Agency and Employer-Employee Relations**—This is Unit II in a series called the "Pace Business Law Series." Unit I provided a general background on the legal system in this country and also discussed basic principles of the law of contracts. With Unit II, the same author takes up two more fields of law. In the first part of this booklet, he deals

with the ways an agent's authority can be created, its scope, its significance to third parties (as well as to the principal and the agent), and how it can be terminated. The second part of the book explains a number of the basic terms in the field of employer-employee relations and serves as an introduction to further study. *By William R. White, Pace and Pace, New York, New York, 1959, 120 pp., \$1.75.*

**Patterns of Industrial Dispute Settlement In Five Canadian Industries**—Within the general framework of industrial dispute settlement, five Canadian industries are discussed by different authors. These are the coal, men's garments, construction, textiles, and lumber industries. The analysis of each industry differs with the author's chief interest; thus one article may stress the legal approach, and another the economic. The editor then draws general conclusions which he contends are applicable to all Canadian industrial disputes. *Edited by H. D. Woods, The Industrial Relations Centre, McGill University, Montreal, Quebec, 1958, 397 pp., \$5.*

**Association Management**—Aimed at the person who wants to succeed in association work, this book attempts to collate techniques and methods that have proved most useful in the administration of associations. Chapters deal with such problems as association financing, trade shows and exhibits, government relations, and the legality of activities and services of associations. Each chapter is written by an executive of an association. *Kenneth G. Hance, Editor, published by the Chamber of Commerce of the United States, Washington, D. C., 1958, 408 pp., \$6.*

# Current Status of Unemployment Compensation

**How did the '57-'58 recession affect the state unemployment insurance systems? And what changes are projected in the unemployment compensation bill now pending?**

A VERY MODEST unemployment compensation bill was reported out of the House Ways and Means Committee on May 18. It merely extends coverage to a few thousand persons and adds 0.1% to the federal unemployment tax. The controversial federal standards for unemployment benefit amounts and duration were sidestepped completely by the bill, as was the proposal that a system of grants replace the present loan provisions for states that run out of unemployment insurance funds.

Meanwhile, of the forty-six states that had legislative sessions scheduled for this year, fifteen have adopted laws that increase maximum benefit amounts and/or extend the maximum number of weeks that benefits are provided. As a consequence, twenty-six states, accounting for 56% of covered workers, will pay a maximum basic benefit of \$35 or more; and thirty-eight states, with 83% of covered workers, will pay benefits for a maximum duration of twenty-six weeks or longer. The ceilings provided under laws enacted by the end of May, 1959 are shown for each of the states in Table 1. Several state legislatures are still in session at this time, so the tabulation should not be regarded as the final tally for the year.

## IMPACT OF THE 1957-58 RECESSION

Unemployment insurance played an important role in the 1957-58 recession. A full third of wages lost in private industry—from their peak in August, 1957 to their return to peak levels in December, 1958—was offset by the increased benefits paid under the regular state and railroad unemployment insurance programs.<sup>1</sup> On the other side of the coin, the recession placed a heavy burden on many of the state systems and left several of them shakier financially than they have ever been.

In 1958, more persons collected larger benefits for a longer period of time than in any other year since the program began. These three factors combined to bring aggregate benefit outlays to a record of \$3.5 billion. The previous highs were \$2.0 billion in 1954 and \$1.7 billion in 1949.

Contributions of \$1.5 billion were augmented by interest of \$200 million and surplus federal tax collections of \$33 million, bringing the total income to \$1.7

<sup>1</sup> See "Jobless Benefits as Offset to Payroll Loss in Three Recessions," *The Business Record*, May, 1959.

billion. But this amount fell short of benefit payments by \$1.8 billion.

Nationwide, unemployment insurance reserve funds declined from \$8.7 billion at the end of 1957 to \$7.0 billion at the end of 1958, while indebtedness to the Federal Unemployment Account increased by over \$100 million during the year.<sup>1</sup> Since the program was started, there have been decreases in reserves from the end of the previous year in only four other calendar years. But in no other year did the magnitude of the decrease approach the 20% drop experienced last year. (It was less than 1% in 1946 and 1950, and 8% in 1949 and 1954.)

## Some States Harder Hit

The reserve funds of several states contracted considerably more than the national total indicates. The sharpest declines were in Pennsylvania (-64%), Delaware (-43%), West Virginia (-39%), Maryland (-34%), and Michigan (-33%). The Michigan reserve of \$198 million in December, 1958 was bolstered by a loan of \$113 million from the Federal Unemployment Account, for which it became eligible in June, 1958, when its reserve fund fell below benefits paid out in the preceding twelve months. It is also because of federal loans (amounting to \$5.6 million in 1958) that Alaska's reserve was one of the handful that increased during the year. (Alaska's total indebtedness to the Federal Unemployment Account was \$8.3 million at the end of 1958.)

## Loan-Fund Ratios

Eligibility for a loan from the Federal Unemployment Account is determined by comparing reserves at the end of each calendar quarter with benefits over the twelve-month period ending on that date—for example, reserves on December 31, 1958 are compared with benefits paid during the calendar year. If reserves are less than benefits paid out, federal advances on an interest-free basis are available to the state.<sup>2</sup>

From the figures shown in the next to last column of

<sup>1</sup> The loan fund set up by the Administrative Financing Act of 1954 from federal unemployment tax collections in excess of the amount distributed to the states for administrative purposes.

<sup>2</sup> See article "Are State Reserves for Jobless Pay Adequate?" in *The Business Record*, April, 1958 for a description of the Administrative Financing Act of 1954.

**Table 1: Current Ceilings on Unemployment Benefit Amounts and Duration**

State	Maximum Benefits (Per Week)	Maximum Duration (In Weeks)
Alabama	\$28	20
Alaska	45-70*	26
Arizona	35	26
Arkansas	30	26
California	40	26
Colorado	42-53 <sup>b</sup>	32½
Connecticut	40-60	26
Delaware	40	26
District of Columbia	30	26
Florida	30	16
Georgia	30	20-22
Hawaii	35	20
Idaho	40	26-39
Illinois	30-45	26-39
Indiana	36	26
Iowa	30	24
Kansas	40 <sup>b</sup>	26
Kentucky	34	26
Louisiana	35	28
Maine	33	26
Maryland	35-43	26
Massachusetts	35-wage	26
Michigan	30-55	26
Minnesota	38	26
Mississippi	30	26
Missouri	33	26
Montana	32	22
Nebraska	34	26
Nevada	37.50-57.50	26
New Hampshire	38	26
New Jersey	35	26
New Mexico	36	30
New York	45	26
North Carolina	32	26
North Dakota	32	24
Ohio	33-39	26 <sup>c</sup>
Oklahoma	28	26
Oregon	40	26
Pennsylvania	35	30
Rhode Island	30	26
South Carolina	26	22
South Dakota	33	24
Tennessee	32	22
Texas	28	24
Utah	39 <sup>b</sup>	36
Vermont	36	26-39
Virginia	28	18
Washington	42	40
West Virginia	30	24
Wisconsin	38 <sup>a</sup>	26½
Wyoming	43-49 <sup>b</sup>	26

Sources: Bureau of Employment Security; Commerce Clearing House; THE CONFERENCE BOARD

Note: Some of these ceilings will not go into effect until later this year. When two benefit amounts are given, the higher includes dependents' allowances, except in Colorado where certain steadily employed workers have their benefits increased by 23%. When two figures are given for maximum duration, the larger goes into effect when unemployment reaches a specified level, except in Georgia where it applies to certain steadily employed workers.

Thirteen states pay unemployment benefits for a uniform length of time to all eligible claimants. They include: Georgia, Hawaii, Maine, Maryland, Montana, New Hampshire, New York, North Carolina, North Dakota, Pennsylvania, Tennessee, Vermont and West Virginia.

The others have variable maximum duration provisions based on each claimant's prior earnings or employment.

\*The maximum for interstate claimants is \$25.

<sup>b</sup>Colorado, Kansas, Utah, and Wyoming have a flexible maximum equal to a specified percent of the state average weekly wage of covered workers during a preceding period.

<sup>c</sup>Duration, 39 weeks temporarily in 1959.

<sup>a</sup>Maximum benefit increased to \$42 in 1958, but will return to \$38 on July 18, 1959 unless legislature provides otherwise.

Table 2, it is clear that five states were eligible to borrow at the end of last year—Alaska, Delaware, Michigan, Oregon, and Pennsylvania. Two others—Rhode Island and West Virginia—just missed eligibility. Pennsylvania was advanced \$95 million in April out of a requested \$112 million as that was all the money remaining in the loan fund.

**Table 2: Benefits, Reserve, and Tax Rates for Calendar Year 1958**

State	Ratio of		Year-End Reserves Times 1958 Benefits	Estimated Average Employer Tax Rate
	Benefits to Taxable Wages	Reserves to Taxable Wages		
United States	3.2	6.3	1.98	1.4
Alabama	2.7	5.1	1.90	1.0
Alaska	5.4	2.8	.52	2.7
Arizona	1.6	10.1	6.21	1.3
Arkansas	2.2	6.8	3.08	1.1
California	3.0	7.6	2.53	1.4
Colorado	1.5	8.1	5.47	.6
Connecticut	4.5	8.8	1.97	1.2
Delaware	2.4	2.2	.92	.7
District of Columbia	1.1	9.6	8.73	.7
Florida	1.3	3.8	3.00	.8
Georgia	2.2	7.8	3.59	1.2
Hawaii	1.2	8.2	6.63	1.0
Idaho	3.0	10.9	3.67	1.3
Illinois	2.8	4.7	1.67	.8
Indiana	2.7	5.4	2.02	1.1
Iowa	1.1	9.9	8.77	.8
Kansas	1.8	8.3	4.56	1.1
Kentucky	3.7	8.1	2.16	2.0
Louisiana	1.9	9.5	5.11	1.1
Maine	3.8	7.1	1.88	1.6
Maryland	3.3	4.2	1.28	1.1
Massachusetts	3.1	6.5	2.09	1.7
Michigan	6.3	3.8	.61	2.3
Minnesota	2.7	4.6	1.73	.8
Mississippi	2.4	5.2	2.14	1.6
Missouri	2.0	7.9	4.05	1.0
Montana	4.2	11.7	2.77	1.3
Nebraska	1.4	6.8	4.79	.8
Nevada	3.7	7.2	1.97	2.2
New Hampshire	2.5	6.0	2.40	1.6
New Jersey	4.3	8.2	1.92	1.9
New Mexico	1.3	9.7	7.61	1.2
New York	3.6	7.8	2.24	1.6
North Carolina	2.4	8.2	3.47	1.5
North Dakota	2.1	5.2	2.44	1.3
Ohio	3.9	5.9	1.50	.7
Oklahoma	1.9	4.5	2.29	.9
Oregon	3.6	2.4	.68	2.5
Pennsylvania	4.7	1.6	.33	2.1
Rhode Island	3.7	3.9	1.05	2.7
South Carolina	1.7	7.5	4.38	1.2
South Dakota	1.0	8.3	7.96	1.0
Tennessee	3.0	4.6	1.54	1.5
Texas	1.5	5.6	3.85	.6
Utah	2.1	8.3	4.02	1.3
Vermont	2.6	8.0	3.03	1.2
Virginia	1.4	4.6	3.40	.4
Washington	3.2	11.1	3.45	2.6
West Virginia	3.9	4.1	1.05	1.2
Wisconsin	2.9	9.6	3.35	1.1
Wyoming	2.3	8.7	3.78	1.1

Source: Bureau of Employment Security.

Note: Based on taxable wages for 12 months ended June 30, 1958.

### THE WAYS AND MEANS COMMITTEE BILL

It is chiefly to replenish the loan fund that the committee-approved bill (H.R. 7177) would increase the unemployment tax from 3.0% to 3.1% of the first \$3,000 of wages in covered employment. Since the maximum credit for taxes paid to state plans will remain at 2.7%, the federal share will go from the present .3% to .4%.

From this .4% the states' administrative expenses will first be met; second, the loan account will be built up to \$550 million (as compared with the present limit of \$200 million); third, a new \$250 million federal administrative account will be created; and, finally, if there is still any money left out of the federal "take," it will be returned to the states.

The bill tightens the provisions of the present law in terms of when a state may borrow from the federal loan account. The purpose of the new federal administrative account is to cover both state and federal operational expenses of the unemployment insurance program during the periods when receipts from the federal tax are at a low ebb.

The few thousand employees to whom the bill would extend coverage work for firms operating American aircraft outside the United States, for certain tax-exempt federal instrumentalities (such as Federal Reserve Banks), for so-called "feeder corporations" that are tax exempt, and for certain other tax-exempt organizations (such as fraternal beneficiary societies). Another provision would treat Puerto Rico as a state for purposes of unemployment compensation.

H. R. 7177 is a rebuff not only to organized labor, which has had federal standards as one of its key legislative demands this year, but also to the Administration which had recommended extending coverage to employers of one or more employees and increasing the taxable wage base to \$4,200. However, the fact that this bill has been reported out of committee does not insure its passage. And there is a good chance that some of the points just mentioned will be offered as amendments when the subject is considered on the House floor later in this session.

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### Management Bookshelf

**Industrial Journalism Today**—This is an idea book for the editor of the employee magazine or newspaper. The author, who has had long experience in industrial editing and public relations, gives many examples from employee publications to illustrate the successful treatment of such specific topics as competition, profits, quality, and company products. The book opens vistas to management by indicating the wide range of subject matter that may be covered and the possibilities that can be realized by a publication with well-defined objectives and an able editor.  
*By James McCloskey, Harper & Brothers, New York, New York, 1959, 273 pp., \$4.75.*

**Policy Formulation and Administration** (Third Revised Edition)—Thirty-three case studies of situations in companies, selected from those that have been or are being used in a business policy course at the Harvard Graduate School of Business Administration. The cases are grouped according to the stages in the administrative task, beginning with the top management viewpoint and ending with follow-up and appraisal. The material can be utilized in management development programs for participants who have had considerable introductory training.  
*By George Albert Smith, Jr., and C. Roland Christensen, Richard D. Irwin, Inc., Homewood, Illinois, 1959, 835 pp., \$9.*

**Wages and Hours in Private Mental Institutions: California, 1958**—California law requires the Industrial Welfare Commission of the Department of Industrial Relations to promulgate orders establishing minimum wages, maximum hours, and standards and conditions of work for women and minors; and the commission is authorized to request

the Division of Labor Statistics and Research to collect the data needed to carry out this responsibility. The data presented here are from one of a series of surveys made on wages and hours in selected groups of establishments covered by Industrial Welfare Order No. 5-57. Other groups of institutions surveyed in this series are hospitals, nursing homes, homes for the aged, and institutions serving children.  
*Published by California Department of Industrial Relations, Division of Labor Statistics and Research.*

**The Administrative Process**—Through an analysis of a series of case situations, the author demonstrates the administrative process as it relates to organization, delegation, planning, forecasting, communicating and maintaining morale. In each of the cited cases, the author stresses diagnosis of the situation that precedes action. In the process, he documents his initial claim that "we do not yet have a science of administration. . . . Skillful administration is an art, refined and matured in the clinic of experience."  
*By Robert H. Roy, The Johns Hopkins Press, Baltimore, Maryland, 1958, 236 pp., \$5.*

**Industrial Leadership**—The book's subtitle, "The American Way to Teamwork," indicates the major emphasis of the authors. To keep and improve a free economy, they insist, management must devote itself to the development of employees who can assume leadership. The challenge of such leadership is in understanding the basic values inherent in a free economy and applying these values in the work situation.  
*By Clarence A. Weber and John W. Karnes, The Chilton Company, Philadelphia, Pennsylvania, 1959, 226 pp., \$5.*

# Management and Personnel Administration in Russia

Personnel administration in the USSR today, as described by a Russian Embassy official, has a very different meaning in that country than it does in the United States. Emphasis is placed on production figures and the growth of the national economy rather than on people or what is generally referred to as human relations in this country. The fact that data which would be considered irrelevant to any discussion of personnel administration here make up the greater part of a Russian official's remarks on the subject is a clear indication of basic differences in outlook of the two countries. Nonetheless, readers of the Management Record may find it of interest to hear what an official spokesman of the USSR has to say about personnel administration. This condensation covers only those points which in general would be considered germane to the personnel-management field in this country.

**H**OW LONG and how often do you have coffee breaks in the Soviet Union?" was one of the questions raised at a recent meeting of the New York Personnel Management Association.<sup>1</sup> Mr. Leonid Rumyantsev, the Second Secretary of the Embassy of the USSR in Washington, was the man to whom the question was addressed. He had been speaking on "Management and Personnel Administration in Russia" to more than 200 personnel executives.

Although much of Mr. Rumyantsev's speech seemed to have more to do with production figures and an outline of the new seven-year plan than personnel administration, he did stress the relatively new trend toward managerial decentralization, which he says started in 1957 in his country.

## Managerial Potential Found

According to Mr. Rumyantsev, Soviet industry had previously been highly centralized, with managerial control exercised from Moscow through industrial ministries. In contrast, in the last three years, economic councils, with small but qualified staffs, have taken over the management of industry and construction in each of ninety-two economic-administrative areas.<sup>2</sup> This means, he says, that all industry within

<sup>1</sup>This question will be taken up later in the article.

<sup>2</sup>For an evaluation of the decentralization see "The Soviet Economy, 1956-1958," by Harry Schwartz, *Studies in Business Economics*, No. 60, National Industrial Conference Board.

such an area—with a few important exceptions—is under a single jurisdiction.

The purpose of this new form of organization, according to the embassy official, is to bring management bodies closer to the actual production processes. It has also meant, he says, that many thousands of people with the potential to hold responsible managerial positions are not so likely to be overlooked. And, according to Mr. Rumyantsev, soon after the shift, management became more efficient—with workers, technicians, and engineers showing greater initiative.

## What About Fringes?

Unlike this country, in Russia fringes just as wages are determined by the government. And Mr. Rumyantsev states that enormous social welfare funds are mounting from year to year, with the increase in their importance growing commensurately with their size. "Under the seven-year plan," he says, "expenditures for pensions, social insurance, free tuition and scholarships, paid annual vacations, free medical aid, kindergarten and nursery upkeep and other grants and privileges will rise to about 360 billion rubles in 1965 as against 215 billion in 1958, and will amount to an average of 3,800 rubles per worker per annum."<sup>1</sup>

Trade unions supervise state social insurance in Russia, reports this official. The primary duty of the unions, according to Mr. Rumyantsev, is to enhance the well-being of the working people. Along these lines, he states that working hours for Saturday as well as the day before a holiday have been cut. Maternity leaves have been extended and the new state pension law has considerably increased pensions. Also, he says, all citizens enjoy free medical services.

## Automation There Too

Mr. Rumyantsev stressed that unemployment does not exist in the USSR. Rather, he said, the problem is

<sup>1</sup>The official rate of exchange is 4 rubles to the dollar. This would mean that the projected figure for fringe costs in 1965 would amount to \$950 per employee. To get some line on how this compares with fringe costs in the United States, note the Chamber of Commerce figures that were reported in the April *Management Record* (see p. 120). In 1957, the average fringe payment in 102 companies was \$1,150 per employee, according to the Chamber. Of course, these figures are not comparable and can give nothing more than the roughest idea of how the cost of fringe benefits compares in the two countries.

to find ways to sufficiently increase the work force. Automation, as well as intensive mechanization on the farms, is one answer, according to this embassy official. Another is that more young men and women will start working right after they finish high school. But this, according to Mr. Rumyantsev, does not necessarily mean that their education is over. In 1958 alone, he said, "some 8 million factory and office workers mastered new trades and raised their qualifications through various courses without leaving their jobs. Some 4 million people are studying in the evening at correspondence departments of colleges, technical and general educational schools. At many plants the personnel have undertaken to see to it that each worker and office employee acquires at least a secondary education in the course of the next few years."

Getting back to automation, he reminded his audience that although it frees many workers from arduous tasks, it also requires highly trained and technically well-prepared workers to carry out the functions of operation, repairs and control. Therefore, he said, "we train people at state expense for work on automatic equipment. And the pay of these people rises considerably in comparison with their previous work."

#### The Shorter Workweek

With the need for an increased labor force, a shorter workweek conceivably might be as unpopular in managerial circles in the USSR as it is with certain managements in this country. But Mr. Rumyantsev reports that in 1960 all factory and office workers will have been transferred to a seven-hour workday, while workers in the coal and ore-mining industries will be working six hours a day. Starting in 1964, he says, the transition will be gradually effected to the thirty-five and thirty-hour workweek.

#### Back to the Coffee Break

In the question period that followed the formal talk, Mr. Rumyantsev was asked:

- *Can workers strike in Russia if they object to their wages or working conditions?* There is no need for strikes, he replied, as all questions are solved by the courts with respect to wages and working conditions.

- *May an employee quit a job and go somewhere else?* Mr. Rumyantsev answered, yes, anywhere he wants.

- *Are psychological tests used to select supervisors in the plants?* No, said the embassy official, generally supervisors are appointed by the economic councils or ministries.

- *What do you do with delinquent workers?* We try to "help" them, he answered.

- *How do you "help" them?* We try to improve the conditions of their work, he continued, or to

#### **On the Other Hand**

It would be naive in the extreme to expect the official representative of any government to present material in any way other than to give the most favorable picture possible of his country. Mr. Rumyantsev is no exception. But, of course, this does not mean that observers of the Russian scene share his point of view. To give perspective to Mr. Rumyantsev's remarks, quotations are given from a few articles in current periodicals and books dealing with contemporary Russia.

Although Mr. Rumyantsev did not cite any information on wage rates in the Soviet Union, such data would seem to be pertinent to the personnel administration field. Such figures are not given out by the Soviet Government.<sup>1</sup> However, *Newsweek* reports in its Feb. 2, 1959 issue that the average wage in Russia stands at about \$850 a year. Dr. Harry Schwartz, *The New York Times'* Russian specialist, suggests a figure around \$900. Of course, to get an accurate picture of the wage structure, one needs to know something about prices, too, or what can be bought with the money earned. Along this line, the March 1, 1959 *Foreign Policy Bulletin* states that "a leading student of Russia's economy, Professor Abram Bergson of Harvard University, has estimated that, in spite of impressive strides toward industrialization, the average real wage—the goods and services earned—of a Russian worker remains at about one-fourth that of the American worker."<sup>2</sup> And this is on the basis of a six-day, forty-six hour workweek.

However, the consensus seems to be that conditions are improving for the average worker, and it's not all pie in the sky these days. In 1956 Edward Crankshaw, the British expert on Russia, wrote:

"Real wages are to go up in industry by 30% in return for an increased productivity of 50%, which is not asking too much, especially as that productivity is to be obtained primarily by better management, better organization, more elaborate mechanization—and side by side with a reduction in the working week. Tremendous efforts are to be made to achieve smooth and rhythmical production, and the old, hectic, unbalanced atmosphere produced by shock workers and Stakhanovites earning immense sums, and dislocating the production flow into the bargain, is on

<sup>1</sup> See THE CONFERENCE BOARD'S "Statistical Handbook of the U.S.S.R.," *Studies in Business Economics*, No. 55, for data published by the Soviet Union on industry, agriculture, communications, public health, culture, etc. Dr. Harry Schwartz, *The New York Times'* specialist on Russia, has written an introduction, provided additional tables, and annotated many of the original tables. Although Dr. Schwartz points out that all the series in the handbook cannot be regarded as equally reliable, he does conclude that the information released presents a substantially accurate picture, if interpreted properly.

<sup>2</sup> For a discussion of level of living in the United States as compared to the Soviet Union, see THE CONFERENCE BOARD'S 1958 Annual Chartbook, "Economic Comparisons: USA-USSR," pages 14-21.

## On the Other Hand—continued

the way out. Kaganovich's commission to enquire into the wage structure is designed primarily to cut down the earnings of the most highly paid and to raise the earnings of their less gifted fellows. All the stress is now to be on arranging a reasonable basic wage structure, which, hand in hand with a more efficient organization of man-power, will cut down the dependence on overtime and special bonuses."<sup>1</sup>

And, more recently, *Business Week* reports that "Soviet plans put heavy reliance on increases in productivity based on advancing technology and on more efficient use of both managerial talent and resources, under Khrushchev's program for decentralizing the economy. But no solid evidence has yet reached the West on how much these efforts can accomplish."

### And Then About Strikes and Unions

It seems unlikely that anyone could take Mr. Rumyantsev's remarks about strikes literally. Although it is true that there is no legal prohibition against strikes in Russia, Dr. Harry Schwartz of *The Times* has pointed out that severe punishment would undoubtedly be meted out to a union official or anyone else who called an unauthorized work stoppage. And the Russian Center at Harvard, after interviewing a large number of refugees from the USSR, reports that those who worked in Soviet factories regard the trade unions as a branch of the government.<sup>2</sup>

Certainly trade unions in Russia perform a very different function than unions in this country. *Business Week* in its August 30, 1958 issue, analyzed the role of Soviet unions as well as examining a recent collective agreement brought out of that country. This publication reports that trade unions in the USSR basically serve as agents of Moscow to get maximum production out of the workers. But, even though contract bargaining is wholly one-sided, with Moscow laying down the law, trade unions do a lot at the local level to make life more bearable for the workers.

And while unions do not negotiate wage rates and do not go on strike, their agreements cover a wide range of subjects such as labor inspection, social insurance, grievance procedures, housing, education, sports, and cultural activities.

To sum up, it might be said that the regime is not indifferent to the welfare of its citizens; it can't afford to be. But, as the Russian Center at Harvard points out, its concern for the people's welfare seems to be determined by the relevance of this welfare to the functioning of the system and the accomplishment of the long-range goals of the system.

<sup>1</sup> "Russia Without Stalin," by Edward Crankshaw, The Viking Press, New York, New York, 1956.

<sup>2</sup> "How the Soviet System Works," by Raymond A. Bauer, Alex Inkeles, and Clyde Kluckholm, Harvard University Press, Cambridge, Mass., 1956.

change their jobs, or raise their qualifications. With one of his rare smiles, Mr. Rumyantsev said, "It is not dangerous" (presumably to be a delinquent worker).

- *How long and how frequent are your coffee breaks?* We have time for lunch, Mr. Rumyantsev answered. When the meaning of coffee break was made more explicit, he suggested that in some offices, employees have one coffee break as well as lunch.

AILEEN L. KYTE  
Division of Personnel Administration

### Management Bookshelf

**Hawthorne Revisited**—As followers of the literature of personnel administration know, the so-called "human relations" school has been under a sustained attack for the last five years. As this school is generally thought to spring from the Hawthorne studies of Elton Mayo in the late Twenties, the author of "Hawthorne Revisited" suggests it is time for a comprehensive summary of Mayo's book, "Management and the Worker," and an evaluation of his findings—from our present-day vantage. Along these lines, the Hawthorne experiments are described, and then comprehensive coverage is given to the criticisms of the human relations school. In the third chapter, entitled "The Hawthorne Studies: Guilty as Charged?" the author evaluates Mayo's work, and in the final chapter he looks at the development of the Mayo school over the last twenty years. *By Henry A. Landsberger, Cornell University, Ithaca, New York, 1958, 119 pp., \$3.50.*

**Labor and Economic Development**—The labor movements of five countries, in varying stages of industrialization, are examined in this volume. The countries range from underdeveloped French West Africa, on the one hand, to industrialized Japan, on the other. Also included are India, Egypt, and the British West Indies. Among the authors are Charles A. Myers on India and Frederick H. Harbison on Egypt. Note: This volume was listed also in the "Management Bookshelf" section of the April issue of the *Management Record* under the erroneous title of "Labor and Economic Environment." *Edited by Walter Galenson, John Wiley and Sons, Inc., New York, New York, 1959, 304 pp., \$6.75.*

**Administration of Salaries and Intangible Rewards for Engineers and Scientists**—This book deals with what is being done to motivate engineers and scientists, why it is being done, and how the venture is working out. It is based on a two-year study in ten companies, in which the investigators interviewed forty-four engineering and research executives, ninety supervisors, and 276 nonsupervisory professional employees. *By John W. Riegel, Bureau of Industrial Relations, University of Michigan, Ann Arbor, Michigan, 1958, 209 pp., available in single clothbound edition at \$6, or in two paperbound editions, one covering "Administration of Salaries" at \$3.50 and the other covering "Intangible Rewards" priced at \$2.50.*

# The Legal Scope of Industrial Nursing Practice

Because of the fast-changing role of today's industrial nurse, some companies may be expecting her to perform duties that are outside the legal scope of her work

SOME MANAGEMENTS expect the company nurse to perform functions that are beyond her legally prescribed duties. As a result, they may be placing themselves in a vulnerable legal position.

This criticism is often expressed by representatives of the medical and nursing professions who are engaged in occupational health activities. A principal reason for such company attitudes, these professional people believe, is a lack of understanding on the part of a supervisor or executive as to what latitude a nurse is permitted in performing medical services without the direct supervision of a doctor.

Because of these charges, THE CONFERENCE BOARD is reproducing here a report recently prepared by a subcommittee of the Council on Industrial Health of the American Medical Association with the thought that it may be significant reading for company managements. Entitled "The Legal Scope of Industrial Nursing Practice," the report was originally published in the *Journal of the American Medical Association*.<sup>1</sup>

\* \* \*

"THE PURPOSE of this report is to discuss the legal scope of the practice of industrial nursing and the functions which a professional industrial nurse may legally perform. The intensification of the educational program of nursing, the increased dependence of the physician on the skills and discretion of the nurse, and the ability of the nurse to meet the challenge of an ever-rising standard of patient care have motivated the nursing profession to define and seek recognition for those professional functions which the nurse performs independently. This is especially true of the industrial nurse who often works without immediate medical supervision.

## The Practice of Nursing

"Nursing and medical practice are interrelated and frequently indistinguishable from each other. The same act may be clearly the practice of medicine when performed by a physician and likewise a practice of nursing, depending on the circumstances, when performed by a nurse.

"There are, of course, limitations on the functions which the nurse may perform, whether independently

or under the supervision of a physician, and there are likewise limitations on the functions which may be legally assigned by a physician to a nurse. These will be discussed in this report.

"The statutes of the various states which define professional nursing are too nebulous to provide a usable guide in determining the functions in which a nurse may legally engage. Essentially the statutes define professional nursing as involving the carrying out of treatment prescribed by a licensed physician and the application of nursing skills. Obviously, such definitions do not identify the particular functions in which a professional nurse may engage.

"Probably the lawmakers should be commended for their foresight rather than criticized for ambiguity. A half-century ago when the first nursing practice acts were adopted the principal function of the nurse was to aid the physician by performing tasks under his direction. The functions of nursing are constantly expanding, and precisely drawn statutory definitions of the functions of nursing could not be kept up to date with changes in professional practices. However, the growing body of judicial decisions reflects the development of the profession of nursing and its expanding responsibilities in the wake of medical progress. The identification of particular functions as nursing functions and the standards of competence required of professional nurses in executing these functions have undergone a rapid and continuous process of evolution among those who are professionally responsible for the care of the sick and injured.

"Courts have held that professional nurses have a legal duty to interpret evidence presented by the patient possibly indicating the need for medical attention, and to proceed in the light of that interpretation to do what is required for the patient, as for example the need to call a physician<sup>1</sup>; to discontinue a treatment where there is evidence of its harmful effect, e. g., on an unconscious patient<sup>2</sup>, or to determine the patient's need for special medication, e. g., sedatives.<sup>3</sup> There can be little doubt that by custom and usage the relationship between doctor, patient, and nurse is one in which the parties recognize that the nurse as well as the physician has the function and

<sup>1</sup> *Browning v. Hoffman*, 90 W. Va. 568, 111 S. E. 492 (1922).

<sup>2</sup> *Parrish v. Clark*, 107 Fla. 598, 145 So. 848 (1938).

<sup>3</sup> *George v. U. S.*, 101 F. Supp. 830 (1951).

responsibility to observe and interpret the patient's reactions.

"The observation of symptoms and the making of a diagnosis imply the need for professional learning and mental acuteness. These functions are characteristic of the professional nature of nursing as well as medicine. The industrial nurse who observes the extent of illness or injury to an injured workman and determines whether she should render emergency treatment or wait until the physician arrives has made a vital diagnosis comparable in importance to many of those which physicians are called on to make. However, except for first-aid treatment and the employment of such measures as will prevent aggravation of the patient's injury or illness, the determination of therapy is within the exclusive domain of medical practice and beyond the limits of nursing practice.

#### Nurse's Malpractice

"In *Cooper v. National Motor Bearing Co.*<sup>1</sup> the defendant appealed from a judgment in favor of the plaintiff in a malpractice action brought against a registered nurse and her employer.

"In May, 1951, the plaintiff received a puncture wound on his forehead when another employee let a piece of metal slip from his hand. He went directly to the first-aid room and received treatment from the defendant nurse. She swabbed the wound with an antiseptic and put a bandage on it. According to the plaintiff's testimony she did not examine or probe the wound. He was told to return the next day, which he did. The nurse again applied antiseptic but did not probe the wound. On the next day he also went to the dispensary, but on that occasion the nurse just looked at the wound.

"On visits to the dispensary over a period of several months the plaintiff would point out to the nurse that the wound did not seem to be healing properly and she would say that if it did not she would have to do something. In March, 1952, the plaintiff visited the dispensary for a check of a chest injury and asked the nurse if she would send him to a doctor to examine his forehead. She referred him to a physician who excised a piece of tissue for laboratory examination. A pathologist examined the specimen and reported that it contained a basal cell carcinoma. On March 23, 1952, the plaintiff was operated on and a larger area was excised. Skin was removed from his right forearm and grafted to the forehead.

"The plaintiff's case was tried on the theory that a metal splinter was left in the wound by the negligence of the nurse and that this foreign body, acting as an irritant, caused the cancer.

"The nurse admitted that it was her duty to refer any condition or injury she was not familiar with, or

sure about, to a doctor for diagnosis. The standard of good nursing care in the community required the nurse to examine the wound for foreign bodies. If splinters were too deeply embedded, the nurse was to send the workman to the doctor. The plaintiff's type of wound should normally have healed in about a week. If a wound persisted and did not heal, proper nursing care would require that the workman be sent to the doctor. The nurse admitted that she was familiar with the danger signals of cancer, one of which is any sore that does not heal. Nevertheless she continued to treat the wound for ten months before sending the plaintiff to the doctor.

"In affirming the judgment of the trial court, the California District Court of Appeal said:

"A nurse's diagnosis of a condition must meet the standard of learning, skill and care, to which nurses practicing that profession in the community are held. A nurse in order to administer first aid properly and effectively must make a sufficient diagnosis to enable her to apply the appropriate remedy. Usually she receives some history of the accident or illness from the patient, inspects a wound, and bases her choice of treatment on the deductions thus made. She has been trained, but to a lesser degree than a physician, in the recognition of the symptoms of diseases and injuries. She should be able to diagnose, according to appellant nurse's own testimony herein, sufficiently to know whether it is a condition within her authority to treat as a first-aid case or whether it bears danger signs that should warn her to send the patient to a physician. . . .

"Appellant nurse testified that it was the practice of a nurse in this type of industry to probe wounds for foreign bodies, that if there is a foreign body in a wound there is a feeling of sharpness on pressure, that according to the standard of care and her experience as a nurse, she should be aware of the possibility of foreign objects in such a wound.

"If the plaintiff's cancer was the result of the nurse's failure to refer him to a physician for examination and treatment during the ten-month period during which she treated him, then it must be acknowledged that a judgment based on malpractice was proper. Employees as well as their employers are responsible for damages due to acts of negligence.

"In other than emergency cases where a physician is not present, diagnosis is not a function of professional nursing, and treatment by nurses is generally restricted to the execution of orders given by and under the direction or supervision of a physician. Furthermore, the nurse should only execute legally valid medical orders which she is qualified by training and experience to perform.

#### Nursing Functions

"Is it axiomatic that the practice of medicine may not be delegated to nonphysicians. Nevertheless there are numerous traditionally medical functions which are now also performed by nurses under the supervision or direction of a physician and recognized to

<sup>1</sup> *Cooper v. National Motor Bearing Co.*, 136 Calif. 229, 288 P. 2d 581 (1955).

be nursing functions. Accordingly, under the direction or supervision of a physician, a nurse may administer injections intravenously<sup>1</sup> or intramuscularly<sup>2</sup> or perform X-ray treatments.<sup>3</sup>

"Basal metabolism tests, anticoagulant therapy, and the administration of blood transfusions and oxygen are now routinely performed by nurses. The great progress in the science of medicine has led to the delegation of numerous medical procedures to nurses. The first-aid equipment used by the industrial nurse today could have been used only by a physician not too many years ago.

"On the other hand, the order of a physician purporting to delegate to a nurse the authority to perform an abdominal operation, or an amputation, or to set a fracture or to perform any similar procedure would undoubtedly be considered invalid by the medical and nursing professions as well as the courts. In realistic terms, professional nursing practice includes not only emergency diagnosis and treatment but those medical acts and techniques which are commonly performed by qualified nurses under physicians' orders. Fundamentally, the scope of nursing practice is determined by medical custom. None of the statutes relating to nursing practice attempts to set forth the specific functions of nursing. This statutory flexibility has allowed for the rapid growth of nursing. Consequently the courts have been guided in identifying nursing functions by customs and practices of the medical profession, since physicians can best recognize the proficiency and attainments of nurses.

#### **Emergency Treatment**

"A medical emergency may be defined as an unforeseen illness or injury which calls for immediate action for the safety of the patient.<sup>4</sup> Anyone, and not necessarily a professional nurse or a physician, may render first aid or perform medical acts to preserve life and limb in the case of an emergency. But one who renders aid in an emergency is under a legal duty to act as a reasonably prudent person. The qualified industrial nurse would generally be held to a greater degree of responsibility and skill than the layman, but to a lesser degree of responsibility than the physician.

"Medical custom has permitted a broad definition of the term 'emergency' to be applied. It ordinarily refers to situations requiring resuscitative or other first-aid measures. Guiding principles and procedures, approved by a responsible physician, are particularly useful to industrial nurses in such cases.

"The case of *Burns v. Bakelite Corp.* is a landmark

<sup>1</sup> *General Benevolent Assn. Inc. v. Fowler*, 210 Miss. 578, 50 So. 2d 140 (1951).

<sup>2</sup> *Thomas v. Virginia Mason Hospital*, 153 Wash. 297, 277 Pac. 691 (1929).

<sup>3</sup> *Wood v. Miller*, 158 Ore. 444, 76 P. 2d 963 (1938).

<sup>4</sup> *Broz v. Omaha Maternity & General Hospital Assn.*, 96 Neb. 648, 148 N. W. 575 (1914). *Trask v. Dunnigan*, 299 S. W. 116 (1927).

court decision in the field of industrial nursing.<sup>1</sup> It states the rule that an employer has a duty to provide emergency medical care and other assistance when an employee suffers a sudden illness while engaged in work. The court found that a registered nurse, acting on behalf of the employer, fulfilled this duty, but many physicians and nurses may feel that the nursing profession is capable of maintaining a higher standard of performance than that demanded by this court. Because of its basic importance and interest, the holding and facts of the case are stated below in detail.

"The plaintiff, who incidentally happened to be a trained nurse, alleged that the negligence of a registered nurse employed by the defendant was responsible for the death of her husband. The trial court judge before whom the case was tried took the case from the jury and rendered judgment himself for the defendant. In a jury case the trial judge is justified in doing this only 'if fair-minded men could not differ' in their judgment.

"The nurse, Mrs. B——, testified that on a certain morning the plaintiff, Burns, came to the dispensary, pale and perspiring, and she thought he looked ill. He complained of a severe chest pain and thought he had indigestion and he wanted peppermint for it. The nurse took his pulse and his temperature, and found both were normal. He had no difficulty in walking. The nurse suggested he see a doctor, but he refused to see the plant doctor whose office was only about two blocks away, and he asked for his own physician. The nurse tried unsuccessfully to reach the physician by telephone. Then the plaintiff asked her to send him home, and she summoned a car, a station wagon. Refusing assistance, he walked to the car and got in. By the removal of one of the station wagon seats, room could have been made for a stretcher, but the plaintiff was not put on a stretcher.

"He was driven by the company's chauffeur to his home. The house was fifty feet from the roadway, and to reach the front door it was necessary to mount seven steps. The chauffeur opened the door for the plaintiff and he got out and without aid walked to the house and climbed the stairs.

"The nurse contacted the plaintiff's doctor soon after the plaintiff had left the plant but he was engaged in an operation and sent a colleague. The doctor gave a diagnosis of coronary occlusion. He was taken to a hospital where, six days later, he died. The opinion of the court states:

"Generally, no duty rests on an employer to provide medical service or care for an ill or injured employee. Yet when the employee, while engaged in the work of his master, suffers a sudden illness that renders him unable to provide for his own care, the employer must put in his reach such medical care and other assistance as the emergency thus created may in reason require. The duty arises out of necessity. . . .

<sup>1</sup> *Burns v. Bakelite Corp.* 17 N. J. Super 441 (1952).

"The symptoms that the nurse observed were typical of the onset of a heart attack, although they might indicate acute indigestion or some other condition. But a physician would probably have made a tentative diagnosis of a 'coronary occlusion' because that is the most common cause of such symptoms. Based on that diagnosis, the standard emergency treatment would have been the administration of morphine to relieve the pain, not only for the patient's immediate ease but because the pain causes reactions in the heart that increase the damage to that vital organ. And the patient should not be permitted to walk or to make avoidable physical effort. But Mrs. B—— is not a physician; she did not realize that Burns was suffering from a coronary thrombosis; she only knew he was ill and he did not appear to her to be seriously ill. Even if the nurse had made a diagnosis of heart attack, she was not authorized to administer morphine, for such drugs are administered only after the direction of a licensed physician. . . ."

"There is no negligence indicated by Mrs. B——'s failure to recognize the particular ailment from which Burns was suffering. But should the various symptoms that she observed and that we have recited have warned her it was dangerous to allow Burns to be taken home in the station wagon? If so, there was failure to exercise due care. If fair-minded men, after carefully considering the facts, could differ in their answer, then the question should have been left to the jury. . . . Run over the facts again—face pale, perspiring, severe pain in chest, pulse and temperature normal, walked without difficulty; the man himself thought he had indigestion; the nurse thought he looked ill, but not very ill. In our opinion, there was nothing to suggest that he was a stretcher case, or that there was need for other means than those employed, or for more care than was exercised in sending decedent home. We find no error in the award of judgment to defendant.

"The significance of the case is that it recognizes

the duty of the industrial nurse to make a tentative diagnosis of the patient's condition. The nurse was not held to the standards of diagnosis required of a physician, although the court felt that the symptoms were such that a physician would probably have made a tentative diagnosis of a heart attack. Actually, many industrial nurses would probably have suspected the symptoms in the case as common symptoms of a heart attack.

### Summary

"The profession of nursing is a dynamic discipline which embraces an ever-increasing number of functions. Nurses, particularly those employed in industry, should be careful to limit their diagnostic and therapeutic activities to emergencies and to avoid continued treatment of a patient unless such treatment involves the carrying out of the specific orders of a physician who is in charge of the case.

"Under the direction or supervision of physicians, nurses are performing as nursing practice numerous procedures which were formerly performed exclusively by physicians. The limitations on the procedures which a nurse may properly perform are governed by (a) the nature of the relationship between the medical and nursing professions in the community, (b) the scope of training offered in recognized nurses' training schools, and (c) the training, experience, and proficiency of the individual nurse.

"In emergency cases, industrial nurses have a duty to determine the need for prompt medical attention, to make a tentative diagnosis of the patient's condition, and to employ necessary resuscitative and first-aid measures."

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### Management Bookshelf

**Sampling Opinions**—This book is designed to provide, by verbal discussion rather than a purely mathematical presentation, an understanding of sampling that will enable the reader to use surveys intelligently and to evaluate their dependability. Emphasis is placed upon the interrelationships between sampling and the other considerations involved in survey design. One of the three major divisions of the book is devoted to an examination of empirical studies of survey practices conducted by the authors and others. Considerable attention is given the interviewer's effect upon survey results. *By Frederick F. Stephan and Phillip J. McCarthy, John Wiley & Sons, Inc., New York, New York, 1958, 451 pp., \$12.*

**Pensions**—Intended to be a definitive text and reference, this book covers the essential provisions, benefits, costs and methods of setting up pension plans but avoids the highly technical actuarial aspects. Separate chapters are devoted

to negotiated pension plans, pension plans in Canada (including the new registered retirement savings plans), and trends. Special attention is also given to deposit-administration group annuities, split-funding methods, and variable annuities. *By James A. Hamilton and Dorance C. Bronson, McGraw-Hill Book Company, Inc., New York, New York, 1958, 410 pp., \$8.*

**The Executive Interview: A Bridge to People**—The executive who wishes to deal more effectively with his associates will find many practical suggestions in this small volume. Illustrations and sample interviews are included. Indicative of the contents are such chapter headings as: Barriers to Communication; Progress Review and Merit Rating; The Art of Constructive Criticism; and Dealing with Emotional Problems. *By Benjamin Balinsky and Ruth Burger, Harper & Brothers, New York, New York, 1959, 209 pp., \$4.*

*Briefs on*

## PERSONNEL PRACTICES

### One Way to Hire a Secretary

Just a week before fall registration, the Department of Psychology at the University of Texas lost its principal secretary. A replacement was needed in a hurry; and here, according to a letter printed in *The American Psychologist*, is how she was hired. The following advertisement was placed in the local newspaper:

"WANTED: Senior Secretary who can make good coffee, laugh, and run the lives of twenty crazy college professors. Low pay, high responsibility, and a good deal of fun for anyone who can stand it."

The ad was to run for four days. By the end of the second day, however, sixty-one responses had already come in and the ad was frantically withdrawn. That did not stop the responses, though.

Seventy-two people applied in all. Most of them were over thirty, well educated, and had ten or more years' experience in secretarial work. Few needed the job or quibbled about salary. One woman, in fact, asked that the job be held open a few days until her return from a trip to Fort Worth to sell 500 head of cattle.

Fourteen of the applicants were called in for interviews. Many of these laughed, usually "with appropriateness." Only one made the interviewer laugh. And she could also type ninety-nine words a minute and was hired—exactly one week after the ad stopped running.

### Jobs Not Detrimental to Cardiacs

Employment does not necessarily have detrimental effects on the physical condition of workers with advanced heart disease. This conclusion was reached in a study of nineteen cardiacs employed by Abilities Inc., Hempstead, Long Island, New York. According to the doctor who carried on the research, some of the workers improved to a remarkable degree after employment. The study indicated, also, that over a long period of time cardiac employees had excellent attendance and safety records.

This research is just one aspect of a program covering approximately 300 handicapped employees of Abilities Inc. under auspices of the Human Resources Corporation, the research division of the company.<sup>1</sup>

<sup>1</sup> All employees and the management of Abilities Inc. are physically disabled.

Two additional studies recently published pertain to the characteristics of the disabled workers and to their adaptability to various types of industrial employment. Tentative conclusions drawn from the former study indicate that:

1. In addition to being productive workers, many persons provide their own transportation to work and lead normal lives. (They marry, have children, own property, etc.)
2. A disabled person's working efficiency is not necessarily related to the type of disability or to the length of the previous hospitalization.
3. A disabled person's work capacity is not necessarily related to his work experience or to the length of time he was unemployed.

The third study is a pictorial and written explanation of how jobs can be modified so they can be successfully performed by the disabled. Although modifications are not necessary in many occupations, they often may be effected at comparatively small expense if it is advisable to make a change. The study points out, also, the importance of dealing with each case on its own merits.

### License Service

Securing licenses from government agencies often entails the annoyance of waiting on lines. But the chance of such annoyance is reduced for National Cash Register Company employees. The chief clerk at the company's main office in Dayton, Ohio is authorized by the state to issue automobile licenses and license transfers, drivers' licenses and duplicates, temporary driving permits, and fishing and hunting licenses to NCR employees on the company premises. Marriage licenses, however, have to be obtained through regular official channels.

### Questions of Separated Employees Answered

When an employee of The Timken Roller Bearing Company in Canton, Ohio is laid off, he is given an eight-page booklet entitled "Answers to Your Employment Separation Questions."

A letter from the president appears on the first page. Part of it reads:

"The information in this booklet is designed to answer some of the many questions which may de-

velop after you have been separated from The Timken Roller Bearing Company because of a reduction in the work force. We keep in constant touch with our customers and with prospective customers with the hope that orders will come in and enable us to call you back to work."

Nine commonly asked questions are answered in the remaining pages of the booklet. The questions are shown here.

- I signed up for the company's insurance program. What happens to that during the time that I am laid off?
- Naturally, my recall to the company is very important to me. What should I remember about it and what is company policy regarding it?
- Is it possible for me to be recalled for other work if it is available and if I am qualified?
- I have some personal property at the plant. What must I do to get it through the gate?
- What about company property-tools, etc.?
- How do I get my final pay?
- How will my withholding tax statements be handled after I am laid off?
- If United States savings bonds have been deducted from my pay, what happens to that program after I am laid off?
- Since I was laid off because of a reduction in the work force, what benefits may I be eligible for under unemployment compensation?

#### A Fish Story

The Lamson & Sessions Company seems to have great confidence in the honesty of its employees. Prizes totaling \$100 are being offered by the firm's Rod and Gun Club to Ohio employees who, between April 1 and October 31, catch the biggest fish in a number of specified categories (pike, bass, pickerel, perch, catfish, muskie, etc.). Most of the prizes go for fish landed in Ohio waters; but there are five \$5 prizes for the largest fish caught anywhere. Employees are requested to "report honest measurements and weights." As an added precaution, they are also requested to "submit the name of at least one witness to verify the catch." No mention is made, though, of witnesses being required to testify under oath.

#### Free Meals on Cafeteria Bonus Days

On cafeteria bonus days, approximately 100 employees win free lunches in the three cafeterias of Northrop Corporation, Norair Division, Hawthorne, California. Because of this practice, cafeteria patronage on bonus days increases approximately 5%.

Bonus day takes place about once a month on three consecutive days, usually Tuesday, Wednesday and

Thursday. To win a free lunch, an employee need not enter a slogan or boxtop contest. He must, instead, be paying his check at the cash register when a timer bell rings. This timer is the signal for the cashier to cancel the charge for the employee's lunch.

One free meal is given at each cash register (all the cafeterias have more than one register) during the lunch period of each working shift.

Workers who are in outlying locations away from the cafeteria facilities are served plate lunches from a food wagon. So that these workers also may participate in the bonus day, gift certificates are hidden in the plate lunches served from the wagon. The certificate reads: "This ticket entitles you to a free meal such as you have purchased. Present this ticket to the food cart operator and she will refund the purchase price."

Three days' advance notice is given when a bonus day is planned in the cafeteria. The plan is designed both as a good will gesture and as a means of increasing business. If the special bonus day customers become familiar with the cafeteria, it is believed they will occasionally take other meals there.

The company food services are operated on a small profit margin.

#### What the Employee Reader Wants

One more piece of evidence that employees like to read about basic company issues in employee magazines and newspapers is provided in the findings of a reader-interest survey conducted for the United States Steel Corporation. Employees of this corporation were asked which subjects in the *U. S. Steel News* quarterly magazine interested them most.

Opinion Research Corporation of Princeton, New Jersey was engaged to conduct the survey. It was carried out in two parts: (1) a total of 1,017 employees—85% of them hourly rated—were interviewed in their homes; and (2) questionnaires were mailed to an additional 7,000 employees throughout the country.

An analysis and tabulation of the results obtained from these cross-section interviews and questionnaires showed the following subjects to be the ones with the most appeal for the people interviewed:

- U. S. Steel's future plans
- Corporation products—how they are made and used
- U. S. Steel policies, rules that affect employees
- Competition in steel industry
- Details of U. S. Steel's benefit plans
- Safety information
- Management's stand on important issues
- Major news from different U. S. Steel divisions
- What causes price increases
- What the company is doing to cut costs
- How U. S. Steel is making out financially
- About the men who manage United States Steel

## Labor Press Highlights

### Shoemakers as Teamsters?

"IT IS a pretty sad commentary on the shoe industry planners that, through fear of the Teamsters, shoe workers seem about to win more benefits from their industry than sixty-five years of the decency, dignity and respectability of the Boot and Shoe Workers Union have ever won for them." This charge is leveled by *The Shoeworkers' Journal*, and is occasioned by what the 40,000-member AFL-CIO Boot and Shoe Workers Union believes to be the beginnings of a large scale drive by the Teamsters to organize 100,000 non-union workers in the shoe industry.

Teamster influence on the shoe industry is already quite evident, says the union paper. It reports that "evidences of 'running scared' are beginning to show," and that, whenever the Teamsters have begun to pass out organizing literature, "scurrying lawyers and feverish meetings follow." And the Teamsters' drive has already helped some shoe workers, the Shoe Workers Union maintains. The union cites one instance where a small independent shoe union was rebuffed on its contract demands. Shortly thereafter, Teamster organizers appeared, and the management contacted the small union to state that it would accept their proposals.

*The Shoeworkers' Journal* takes management to task for "building its house on crumbling foundations," declaring that the shoe industry is ranked 298th out of 312 industries in employee earnings. Because of a desire to maintain these low wages in the past, states the publication, the shoe industry has fought the shoe unions and kept them small and weak.

Now, the shoe industry may find that it has to re-examine its position on wage levels, continues *The Shoeworkers' Journal*. If it does not, it warns that "shoe workers are going to be sold rather easily into accepting the Teamster invitation to join up with power." And, it adds, a "not remote possibility is that existing shoe worker unions, finding it impossible to compete with Teamster power, might find it advantageous to move into a junior partnership with this power."

The subject of unorganized workers in the shoe industry also came up for discussion at a recent convention of the second union in this industry, the 60,000-member United Shoe Workers of America, AFL-CIO. Speaking at his union's convention, President George Fecteau complained that his union is not gaining any members despite the fact that 100,000

workers of the industry are unorganized. Mr. Fecteau, whose address is reported in the *AFL-CIO News*, attributes his union's lack of growth to the introduction of automation in the industry and increasing foreign shoe imports. Shoe industry employment, he says, has declined 8% since 1939 while production has risen 37%.

To counteract these threats to his union, President Fecteau proposes a renewed organization drive by the United Shoe Workers. He also regards a merger with the Boot and Shoe Workers Union, under consideration since 1957, as still being "highly desirable."

#### The Oil, Chemical and Atomic Workers and the International Chemical Workers Postpone Merger

Negotiations, dating back five years, between the Oil, Chemical and Atomic Workers, AFL-CIO, and the International Chemical Workers Union, AFL-CIO, have been "abandoned, for the present," reports the *AFL-CIO News*. Merger, states the *OCAW News*, originally was to occur in late 1959 when the unions would be holding twin conventions in Cleveland.

Merger talks between the former rivals began in 1955. The high point of the discussions between the unions was reached in late 1956 when they published a memorandum of understanding. The plans at that time were for the top international officers of both unions to meet to draft a proposed constitution for a merged organization. A larger group, including international officers plus members of the executive boards of the two unions, was to meet March 15, 1959 for joint deliberation. At this point, says the *AFL-CIO News*, negotiations became stymied.

Even though the unions have postponed a merger, they pledge to continue a program of collective bargaining coordination and still strive "to eliminate organizational competition," says the *AFL-CIO News*.

#### IAM and UAW Set Up Conference on Aircraft-Missiles Bargaining

Two major unions, the Machinists and the Auto Workers, have agreed to hold a joint conference in Albuquerque, New Mexico, August 5-8, in order "to draft a joint collective bargaining program" for workers in the aircraft, missiles and related electronics in-

dustries, according to the *AFL-CIO News*. The two unions estimate that 445 delegates, representing 600,000 workers will attend. It is expected that IAM President Al J. Hayes and UAW President Walter P. Reuther will serve as co-chairmen.

The two unions have announced, in their respective news organs, that responsibility for the agenda and for the preparation of materials to be used at the conference has been assigned to a seven-man committee consisting of two representatives from the UAW and five from the IAM.

The IAM's *Machinist* and the UAW's *Solidarity* also stated that this conference, the first one to be held jointly, is "the culmination of six years of coordinated collective bargaining effort between the two groups." They noted that the two unions have been operating under a mutual assistance agreement since 1953. The news report in *The Machinist*, quoting from a joint statement of Mr. Hayes and UAW Vice President Leonard Woodcock, said that the plans for the joint conference "reflected the complete accord that now exists in the aircraft, missiles and related electronics field between our two organizations. . . . We are in complete agreement that our unions must cooperate in all phases of collective bargaining both prior to and during actual negotiations."

#### Unions Urge Retention of Alaskan Shipping under Federal Maritime Board

"The nation's railroads and the Interstate Commerce Commission are engaged in a conspiracy to destroy our coastal maritime industry," complains President Paul Hall of the Seafarers' International Union, AFL-CIO. His charge was made at a Senate committee hearing on proposed legislation that would transfer control of the Alaska coastal shipping rates from the Federal Maritime Board to the Interstate Commerce Commission. In addition to representing his own union, Mr. Hall appeared on behalf of the AFL-CIO maritime trades department.

The maritime unions are opposed to the proposed legislation for a number of reasons, reports the *Seafarers Log*. Primarily, however, the maritime unions believe that the Interstate Commerce Commission has favored the railroads, and that they have acted together in the past to put ship operators out of business. In support of this, Mr. Hall cites the steady decline of coastal and intercoastal shipping since 1940 when the ICC assumed control of all such shipping, except the Alaskan trade. According to the *Seafarers Log*, in 1939 there were 510 ships in coastwise trade, as compared to 280 today. This represents a loss of 7,476 seamen's jobs. In addition, declares Mr. Hall, in 1939 there were 165 ships with 6,327 men plying the intercoastal trade. Today there are forty-five ships with 2,101 men.

With the consent of the ICC, he asserts, the railroads have lowered their rates to below cost in areas where they must compete with the coastal and intercoastal shipping. This hurts the sea trade, says the *Seafarers Log*, because the low sea rate tended to compensate for the disadvantages of slower delivery and emergency delays due to storms. The losses suffered by the railroads in this area are made up by overcharging in areas where they do not face the sea competition, Mr. Hall contends. Even before the bill was proposed, the article continues, it cost more to send freight from the Midwest to Alaska than it did to send it to Yokohama.

The proponents of the bill reason that, because Alaska is now a state, any trade which it may have with other states comes under the heading of interstate commerce. As with all other trade between the states, this Alaskan trade should therefore come under the regulation of the Interstate Commerce Commission, they say. However, warns the *Seafarers Log*, Alaska is dependent almost entirely on water for its supplies and care should be taken that shipping rates do not price this water trade out of existence. Another danger that the AFL-CIO maritime trades department visualizes is that once established, subsequent legislation could extend ICC control to Hawaii and Puerto Rico.

A second argument strongly urged by the unions in opposition to the legislation is that of national defense. In World War II this domestic fleet served as an urgently needed reserve of ships, which could be dispatched across the ocean at the outbreak of war. If the trade continues to dwindle the United States will not have the ships for such a reserve, the unions argue.

#### AFL-CIO Seeks Minimum Wage of \$1.25 and Extended Coverage

Among the proposals urged at the AFL-CIO Washington unemployment convention this spring was the adoption of the labor-sponsored Kennedy-Morse Bill to extend the Fair Labor Standards Act's coverage to an additional 7.5 million workers and raise the minimum hourly wage to \$1.25.

The *AFL-CIO News* reports that over half of the workers who would be covered under this bill are in retail trade. Another sizable segment, 1,205,000, are in the construction industry. The remaining 2 million employees are in wholesale trade, hotels, laundry, agriculture, logging, newspapers, manufacturing and mining, and transportation, including taxicabs.

While unions are virtually unanimous in seeking an increase in the minimum wage, the Mechanics Educational Society of America, AFL-CIO, in its monthly newspaper, protests that \$2.25 per hour, rather than the proposed \$1.25, is what is needed. The *MESA Educator*, the union publication, says that the \$1.25 per hour is totally inadequate when compared to the

(Continued on page 220)

# Significant Labor Statistics

Item	Unit	1959				1958			Year Ago	Percentage Change	
		April	March	Feb.	Jan.	Dec.	Nov.	Oct.		Latest Month over Previous Month	Latest Month over Year Ago
<b>Consumer Price Indexes (BLS)</b>											
All Items.....	1947-1949 = 100	123.9	123.7	123.7	123.8	123.7	123.9	123.7	123.5	+0.2	+0
Food.....	1947-1949 = 100	117.6	117.7	118.2	119.0	118.7	119.4	119.7	121.6	-0.1	-3
Housing.....	1947-1949 = 100	128.7	128.7	128.5	128.2	128.2	128.0	127.9	127.7	0	+0
Apparel.....	1947-1949 = 100	107.0	107.0	106.7	106.7	107.5	107.7	107.3	106.7	0	+0
Transportation.....	1947-1949 = 100	145.3	144.9	144.3	144.1	144.3	144.5	142.7	138.3	+0.3	+5
Medical Care.....	1947-1949 = 100	149.6	149.2	148.6	147.6	147.3	147.0	146.7	142.7	+0.3	+4
Personal Care.....	1947-1949 = 100	130.0	129.7	129.8	129.4	129.0	129.1	128.8	128.5	+0.2	+1
Reading and Recreation.....	1947-1949 = 100	117.7	117.3	117.1	117.0	116.9	117.0	116.6	117.0	+0.3	+0
Other Goods and Services.....	1947-1949 = 100	128.2	127.3	127.4	127.3	127.3	127.3	127.2	127.2	+0.7	+0
<b>Employment Status (Census)</b>											
Civilian labor force.....	thousands	68,639	68,189	67,471	67,430	68,081	68,485	69,111	68,027	+0.7	+0
Employed.....	thousands	65,012	63,828	62,722	62,706	63,973	64,653	65,306	62,907	+1.9	+3
Agriculture.....	thousands	5,848	5,203	4,692	4,693	4,871	5,695	6,404	5,558	+12.4	+5
Nonagriculture industries.....	thousands	59,163	58,625	58,030	58,013	59,102	58,958	58,902	57,349	+0.9	+3
Unemployed.....	thousands	3,627	4,362	4,749	4,724	4,108	3,833	3,805	5,120	-16.9	-29
<b>Wage Earners (BLS)</b>											
Employees in nonagr'l establish'mnts.....	thousands	p 51,338	r 50,851	r 50,315	50,310	51,935	51,432	51,136	49,726	+1.0	+3
Manufacturing.....	thousands	p 15,991	r 15,961	r 15,771	15,674	15,749	15,795	15,536	15,104	+0.2	+5
Mining.....	thousands	p 691	r 686	r 693	704	713	712	708	716	+0.7	-3
Construction.....	thousands	p 2,634	r 2,409	r 2,256	2,343	2,486	2,784	2,887	2,493	+9.3	+5
Transportation and public utilities.....	thousands	p 3,877	r 3,865	r 3,835	3,836	3,881	3,885	3,897	3,883	+0.3	-0
Trade.....	thousands	p 11,099	r 11,069	r 10,990	11,052	11,976	11,382	11,925	10,940	+0.3	+1
Finance.....	thousands	p 2,404	r 2,386	r 2,371	2,363	2,373	2,374	2,380	2,356	+0.8	+2
Service.....	thousands	p 6,504	r 6,378	r 6,333	6,314	6,384	6,426	6,463	6,384	+2.0	+1
Government.....	thousands	p 8,138	r 8,097	r 8,066	8,024	8,373	8,074	8,040	7,850	+0.5	+3
Production and related workers in mfg. employment.....	thousands	p 12,130	r 12,114	r 11,937	11,855	11,930	11,981	11,721	11,310	+0.1	+7
All manufacturing.....	thousands	p 6,990	r 6,934	r 6,794	6,739	6,740	6,742	6,421	6,337	+0.8	+10
Durable.....	thousands	p 5,140	r 5,180	r 5,143	5,116	5,190	5,239	5,300	4,973	-0.8	+3
Average weekly hours.....	number	p 40.3	r 40.2	40.0	39.9	40.3	39.9	39.7	38.3	+0.2	+5
All manufacturing.....	number	p 41.0	r 40.8	40.3	40.4	40.8	40.3	40.0	38.8	+0.5	+5
Durable.....	number	p 39.5	r 39.5	39.4	39.3	39.6	39.4	39.3	37.7	0	+4
Average hourly earnings.....	dollars	p 2.23	r 2.22	2.20	2.19	2.19	2.17	2.14	2.11	+0.5	+5
All manufacturing.....	dollars	p 2.39	r 2.38	2.36	2.35	2.35	2.33	2.29	2.25	+0.4	+6
Durable.....	dollars	p 1.99	r 1.99	1.98	1.98	1.97	1.96	1.95	1.94	0	+2
Average weekly earnings.....	dollars	p 89.87	r 89.24	88.00	87.38	88.26	86.58	84.96	80.81	+0.7	+11
All manufacturing.....	dollars	p 97.99	r 97.10	95.11	94.94	95.88	93.90	91.60	87.30	+0.9	+12
Durable.....	dollars	p 78.61	r 78.61	78.01	77.81	78.01	77.22	76.64	73.14	0	+7
Straight time hourly earnings (estimated).....	dollars	p 2.16	r 2.16	2.14	2.13	2.12	2.11	2.08	2.07	0	+4
All manufacturing.....	dollars	p 2.31	r 2.30	2.29	2.28	2.27	2.26	2.23	2.21	+0.4	+4
Durable.....	dollars	p 1.94	r 1.94	1.94	1.94	1.92	1.92	1.91	1.91	0	+1
<b>Turnover Rates in Manufacturing (BLS)</b>											
Separations.....	per 100 employees	p 2.9	r 2.8	2.6	3.1	2.8	2.8	3.2	4.1	+3.6	-29
Quits.....	per 100 employees	p 1.2	1.0	0.8	0.9	0.7	0.8	1.1	0.7	+20.0	+71
Layoffs.....	per 100 employees	p 1.2	1.3	1.3	1.7	1.8	1.6	1.7	3.0	-7.7	-60
Accessions.....	per 100 employees	p 3.4	r 3.6	3.3	3.3	2.4	2.8	3.4	2.5	-5.6	+36

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# Wage and Fringe Developments in Bargaining

**The new rubber contract liberalizes the pension plan and revises the accident and sickness program to include occupational as well as nonoccupational A&S**

**G**OODYEAR Tire & Rubber Company, first among the industry's big four to settle on fringes and working conditions with the United Rubber Workers, not only boosted pension benefits but also eliminated earnings as a factor in pension computation. Like the typical auto pension agreement, benefits are now based entirely on continuous service.

Under the new contract, the basic formula for company-paid pension benefits is \$2.40 a month for each year of service prior to 1959 and \$2.50 per month for each year starting January 1, 1959. This is essentially the same formula worked out in the last Ford and General Motors agreements. Under the former Rubber Workers' pension plan, the formula was 1% of earnings for each year of service up to thirty years, with a minimum benefit of \$1.80 per month per year of service. Like the Ford agreement, the new contract carries a stipulation that precludes any future union demand to adjust the benefits of pensioned employees.

The disability pension also is essentially the same as that in basic auto contracts—\$4.80 for each year of service prior to 1959 and \$5 for each year after January 1, 1959, reduced by any disability benefit received from OASI.

The revised accident and sickness program is another major feature of the new contract. Benefits under the insured A & S plan were broadened to cover occupational as well as nonoccupational injury and illness. In the case of occupational injury and illness, the weekly benefit under workmen's compensation is deducted from the weekly A & S benefit, which amounts to \$40 a week for male employees and \$30 for female employees.

No changes were made in the group life insurance or accidental death and dismemberment schedules.

Added coverage for hospitalization and medical care includes follow up of emergency hospital treatment, miscellaneous hospital services with own doctor's equipment, diagnostic X rays by chiropodists, and continuation of in-hospital medical benefits in cases where surgery is performed for causes unrelated to the original confinement. Reinstatement of eligibility for surgical, hospitalization and medical care was changed by adding a ninety-day recovery clause.

Vacation provisions in the new agreement are also revised. Employees are entitled to one week's vacation with pay after completing one year of continuous

service, two weeks' after three years, three weeks' after eleven years, and four weeks' after twenty-five years. Pro-rata vacations between the third, eleventh, and twenty-fifth anniversaries have been eliminated. An added clause in the new contract allows employees who are retiring to take a vacation in the year in which they retire.

While wages were not at issue in the negotiations, the contract does provide for reporting pay at overtime rates. If an employee is called in to work and no work is made available to him, he will continue to be paid for the full number of scheduled hours of the shift at his minimum rate. If the reporting time increases the employee's workweek beyond forty hours, he will then receive reporting pay at time and a half his minimum rate.

## Salaried Employees Get 6% Pay Boost

The contract between Pittsburgh Plate Glass Company and its salaried employees, who are organized by the Glass and Ceramic Workers, provides a 6% salary rise plus an additional \$2 per month to compensate employees for their increased contribution to the group hospitalization plan. Another boost of \$21 a month goes into effect at the end of the first contract year, February 1, 1960. The Glass Workers' agreement covering hourly workers was reached after a five-month work stoppage; although the clerical employees did not go out on strike, many of them were furloughed as a result of the hourly workers' strike.

All office, clerical and related jobs covered by the new contract have been analyzed and evaluated, and a classification system set up. Under the former contract, monthly hiring rates ranged from \$270 for the lowest classification to \$461 for the highest. The new contract's hiring rates range from \$288 for the lowest classification to \$491 for the highest.

Progression within the rate range for each classification is based on time intervals. With the exception of two job classifications (receiving clerks and window attendants) this progression within a job classification is now as follows:

Hiring rate to base rate.....1st anniversary of employment  
Base rate to step rate A.....2nd anniversary of employment  
Step rate A to step rate B ...3rd anniversary of employment

(Text continued on page 219)

# Significant Pay Settlements

(Confirmed by The Conference Board)

Company, Union <sup>1</sup> and Duration of Contract	Pay Adjustments	Fringe adjustments
<b>Durable Manufacturing</b>		
Automatic Transportation Co., with <i>UAW</i> #53 in Chicago, Ill., 450 hourly Effective 3-25-59. Contract expired New contract: 20 months Wage reopener 1-1-60	5% (11¢ per hour average) general increase	Revised: Vacation and group insurance
AVCO Corp. with <i>UAW</i> in Stratford, Conn. 2,175 hourly and salaried Effective 3-23-59 and 4-1-59. Contract expired New contract: 2 years	2% general increase effective first year Deferred increase: 2% general increase effective 2nd year. Escalator clause for hourly also effective 2nd year providing 1¢ for each 1½% rise in cost of living up to 4¢ maximum based on comparison of 1959 and 1960 indexes for January of each year	Revised: Hospital and welfare benefits
Food Machinery and Chemical Corp. with <i>IAM</i> at San Jose, Cal., 2,875 hourly Effective 4-1-59. Contract expired New contract: 2 years	From 12¢ to 17¢ per hour (13.8¢ av.)	Added: Pension plan, ½ day holiday
Goodyear Tire & Rubber Company with <i>Rubber Workers</i> , Multistate 24,000 hourly Effective 4-14-59. Contract expired New contract: 2 years	Not at issue	Added: Agency shop clause where legal Revised: Pension and insurance plans vacat pay and funeral leave
Hughes Tool Co. with <i>Metal Workers</i> , Ind. in Houston, Texas 2,300 hourly Effective 2-1-59. Wage reopeners Contract expires 7-31-59	8¢ per hour general increase	No change
Kroehler Mfg. Co. with <i>Upholsterers</i> , Multistate 3,250 hourly Effective 1-2-59. Contract expired New contract: 1 year	4¢ per hour general increase, add'l inequity ad justments ranging up to 10¢ per hour	Revised: Vacation provision
Pittsburgh Plate Glass Company with <i>Glass and Ceramic Workers</i> at Crystal City, Mo., Henryetta, Okla., Clarksburg, W. Va., and Ford City and Creighton, Pa. 500 salaried Effective 2-1-59. Contract expired New contract: 2 years	6% general increase, plus \$2 per month Deferred increase: \$21 per month, general in crease 2-1-60	Revised: Life insurance for retired employee hospitalization benefits
Reliance Electric & Engineering Co. with <i>IUE</i> in Cleveland, Ohio 1,084 hourly Effective 8-1-59. Contract expired New contract: 1 year	6¢ and 7¢ per hour increase on incentive rates, 9¢ to 11¢ per hour increase on day-work rate	Revised: Vacation pay, holiday pay, jury du pay, funeral leave pay
<b>Textile Products</b>		
Coats & Clark, Inc. with <i>Textile Workers</i> in Pawtucket, R.I. 500 hourly Effective 4-15-59. Wage reopeners New contract: 3 years	7% general increase, wage reopenings 4-15-60 & 4-15-61	Revised: Hospital pay
Erwin Mills, Inc. with <i>Textile Workers</i> in Durham, N. C. 1,700 hourly Effective 3-2-59. Wage reopeners Contract expires 1-26-61	7½¢ per hour general increase, wage reopeners in 6 months	No change
Falls Yarn Mills, Inc. with <i>Industrial Trades Union</i> in Woonsocket, Rhode Island 225 hourly Effective 4-15-59. Contract expired New contract: 1 year	10¢ per hour general increase	No change

## Significant Pay Settlements—Continued

Company, Union <sup>1</sup> and Duration of Contract	Pay Adjustments	Fringe Adjustments
Seneca Knitting Mills Co. with GWU in Seneca Falls, New York, 300 hourly Effective 1-1-59. Contract expired  New contract: 3 years	6¢ per hour general increase	Added: Severance pay provision
Woonsocket Spinning Co. with Industrial Trades Union in Woonsocket, Rhode Island 233 hourly Effective 4-15-59. Contract expired  New contract: 1 year	10¢ per hour general increase	No change
Own & Williamson Tobacco Corp. with Tobacco Workers in Lexington, Ky. 350 hourly Effective 3-1-59. Wage reopeners  New contract: 3 years	8¢ per hour general increase, annual reopenings on wages & cost items	Revised: Vacation pay, Blue Cross & Blue Shield insurance, holiday pay
Westeki Chemical Co. with Chemical Workers in Boyertown, Pa., 150 hourly Effective 3-1-59. Contract expired  New contract: 3 years	18¢ per hour general increase, add'l 4¢ per hour adjustments in some classifications, add'l 2¢ per hour on shift premiums Deferred increase: 30¢ per hour in 1960, 36¢ per hour in 1961	Added: One floating holiday, additional floating holiday 3-1-60; pension plan and maternity leave Revised: Life insurance and sick benefits
Ver Bros. Co. with Chemical Workers & OCAW, Multistate 3,000 hourly Effective 3-14-59. Contract expired  New contract: 1 year	4% (8¢ to 12¢ per hour) general increase.	No change
Ham Walker & Sons, Inc. with Carpenters, Carpenters & Joiners, IBEW, Plumbers and Pipefitters, Painters, Decorators & Paperhangers, Sheet Metal Workers, Asbestos Workers, Operating Engineers, Hod Carriers, Iron Workers, Teamsters & Oilers, Boilermakers and Teamsters, in Peoria, Illinois 184 hourly Effective 1-1-59. Contract expired  New contract: 3 years	12½¢ per hour general increase Deferred increase: 12¢ per hour 1960, 12¢ per hour in 1961	Added: 8th paid holiday
Columbus & Southern Ohio Electric Co. with IUE in 23-county area in central and southern Ohio 1,300 hourly Effective 4-6-59 after work stoppage. Contract expired  New contract: 1 year	9¢ to 15¢ per hour, upward adjustment in 10 job classifications	No change
Oregon Traction Company with Motor Coach Employees at Portland, Oregon Effective 11-1-58 (signed 3-12-59). Contract expired  New contract: 2 years	10¢ per hour general increase. (Certain office employees given a reduction in hours in lieu of an increase.) Deferred increase: 6¢ per hour 7-1-59, 5¢ per hour 3-1-60	Revised: 6th paid holiday to trainmen
City Advisory Board on Labor Relations with Building Service Employees Local 32B, 2,500 hourly Effective 1-1-59. Wage reopeners Contract expires 12-31-59	7½¢ per hour general increase	Added: Sunday premium pay

<sup>1</sup> All unions are affiliated with the AFL-CIO unless otherwise indicated.

*(Text continued from page 217)*

Step rate B  
to maximum rate ..... 4th anniversary of employment  
Receiving clerks and window attendants are hired at  
step rate A and progress to step B and the maximum  
rate on succeeding anniversary dates of employment.

When an employee is promoted to a job in a higher  
classification he receives the rate for the new job  
which is at the same step-rate level as the rate he re-  
ceived in the old job classification. For example, under  
the new schedule shown below an employee in classifi-  
cation 6 with three years' service who is promoted to

classification 7 receives a monthly increase of \$44 (from \$474 to \$518).

#### Salary Schedule, February 1, 1959

(Dollars per Month)

Job Classification	Hiring Rate	Base Rate (1st Anniv.)	Step Rate A (2nd Anniv.)	Step Rate B (3rd Anniv.)	Maximum Rate (4th & Subsq. Anniv.)
2.....	288	303	319	336	352
3.....	316	332	349	366	383
4.....	342	360	378	397	415
5.....	373	393	413	433	454
6.....	408	429	451	474	497
7.....	446	469	493	518	544
8.....	491	517	544	570	597

The new agreement also puts the group life insurance plan for retired employees on a noncontributory basis. Formerly retired employees contributed 60 cents per month for each \$1,000 coverage. The company has also increased its contribution toward the cost of hospitalization for active employees. The contribution is now \$9 per month for married employees and \$4 for single.

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## Labor Press Highlights

(Continued from page 215)

Department of Labor's city worker's family budget, as revised by the AFL-CIO research department. It concludes that, for a family of four to live, the working man must make \$90 per week or \$2.25 per hour. Even this salary would allow the family that includes two children less than two quarts of milk a day. Thus the *MESA Educator* demands: "If we know \$2.25 per hour is the minimum figure it takes to keep a home and family together, why should we settle for less?"

#### UAW Acts to Prevent Name Stealing

In New York, the United Auto Workers, AFL-CIO, has obtained an injunction to prevent an independent

union from using the initials UAW in connection with its operations. The union newspaper, *Solidarity*, warns that this is the inauguration of a drive to proceed "against others in the New York area who are using similar deceptions to fool workers into signing up."

*Solidarity* charges that parking-lot and filling-station attendants were being organized into a local of an independent union called the "United Automobile Workers, Industrial Workers of Allied Trades, affiliated with the Confederate Unions of America." The UAW attorneys, in seeking their injunction, argued that the Puerto Rican workers joined the independent union because they were familiar with the name UAW and had seen the UAW president on television.

#### Machinists Urge United States to Back Apprenticeship

The president of the International Association of Machinists, AFL-CIO, has called upon the Federal Government to insist that apprenticeship training provisions be written into procurement contracts, particularly in the missile and aircraft industry. In speaking before a recent conference sponsored by the AFL-CIO Industrial Union Department, IAM President Al Hayes warned that "many companies that subsist almost entirely on defense contracts . . . are today . . . 'pirating' the skilled workers they need from other industries and are doing nothing to replenish the nation's pool of skilled manpower."

Mr. Hayes then pointed out, says *The Machinist*, that both his union and the United Auto Workers had tried to increase the supply of skilled workers by negotiating contracts providing for joint apprenticeship programs. However, during 1958 negotiations both unions had little success in so doing. As a result, the IAM president believes the initiative for encouraging the setting up of such programs must come from the Department of Defense. If the government will seize this initiative, says Mr. Hayes, "we will certainly support them every step of the way."

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# Studies in Personnel Policy

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- No. 163—The Company and the Physically Impaired Worker
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- No. 141—Severance Pay Plans
- No. 140—Management Development
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- No. 138—Bulletin Boards

## In the June Business Record

**Capital Appropriations: Durables Spark Recovery**—Sharply increased capital appropriations in the first quarter of 1959 are reported by the 1,000 leading manufacturing companies in this twelfth in a continuing series of quarterly reports on capital appropriations conducted by The Conference Board with the financial sponsorship of "Newsweek." The durable goods industries advanced most markedly, with iron and steel the leader in this group. A detailed breakdown of the figures and the factors involved is given.

**Agriculture as a Buyer**—The substantial decline in the number of farms and in farm population has not reduced the farm market for producers' and consumers' goods and services. On the contrary, as this article points out, this market has expanded as rapidly as the rest of the economy. This is an analysis of the sources of farm income and the items for which the income is spent.

**Company Relations with Retired Executives**—When an executive retires, should this end his business association with the company he has served? Or should he continue to be employed in consultative or other capacities? This month's survey examines the diversity of current practices with respect to postretirement work assignments, office services available to some retired executives, and the kind of information on company operations provided to retired officers.

**Mergers and Market Size—2. Geographic Dimensions**—This is the second of three articles examining the general subject of market relativity and the merger act. An examination of actual cases before the courts reveals a wide diversity of economic factors that may be considered in determining the geographic market affected by a consummated or projected merger.

**Consumer Buying Plans: More Customers This Year**—American consumers plan to make many more purchases than they did last year—especially automobiles. This development highlights this third report on consumer buying plans conducted by The Conference Board with the financial sponsorship of "Newsweek." Renewed confidence in business and employment prospects has also increased plans to buy homes and appliances. These trends in consumer buying plans are among those analyzed.

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